

北京周報

A CHINESE WEEKLY OF NEWS AND VIEWS

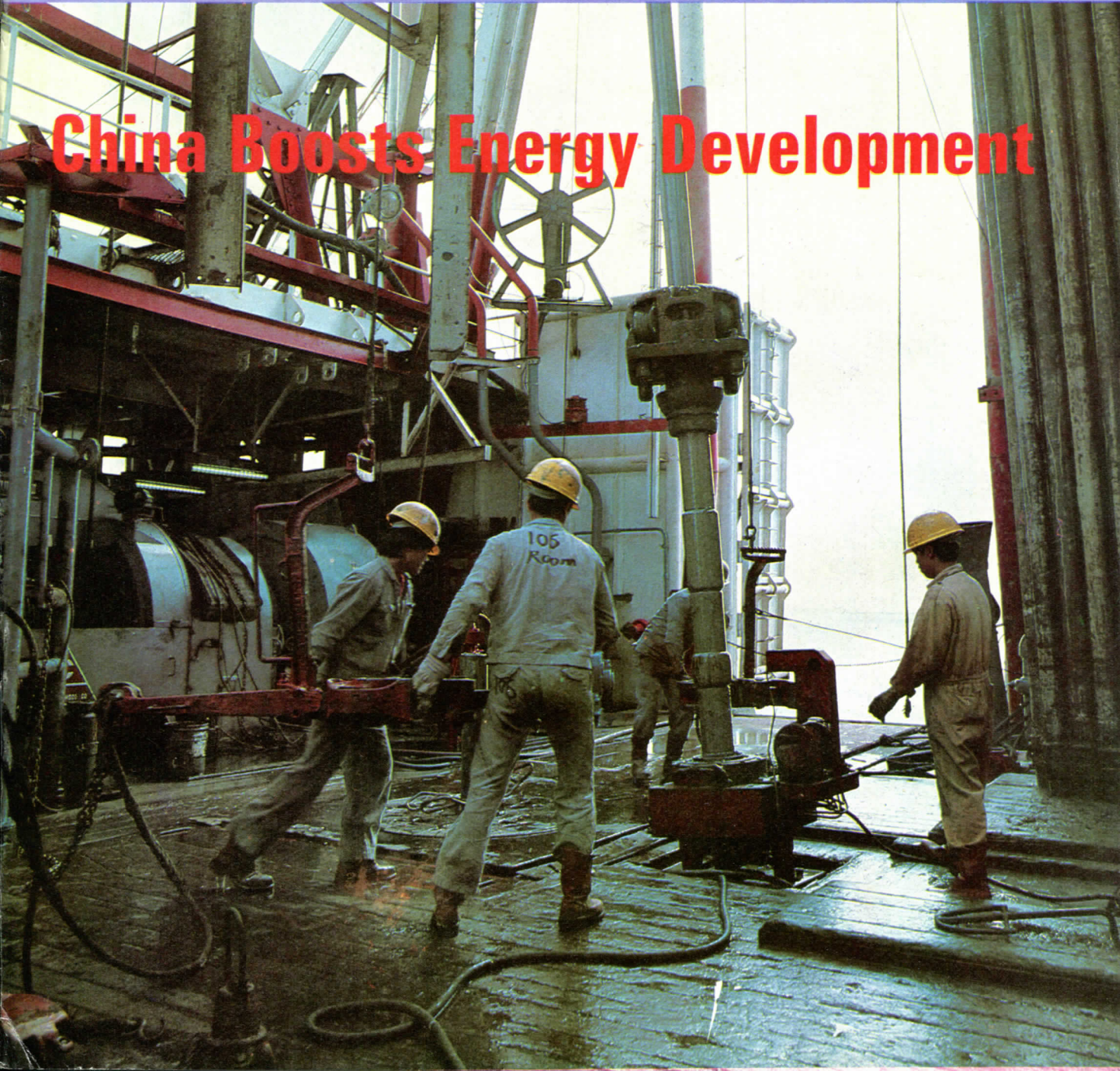
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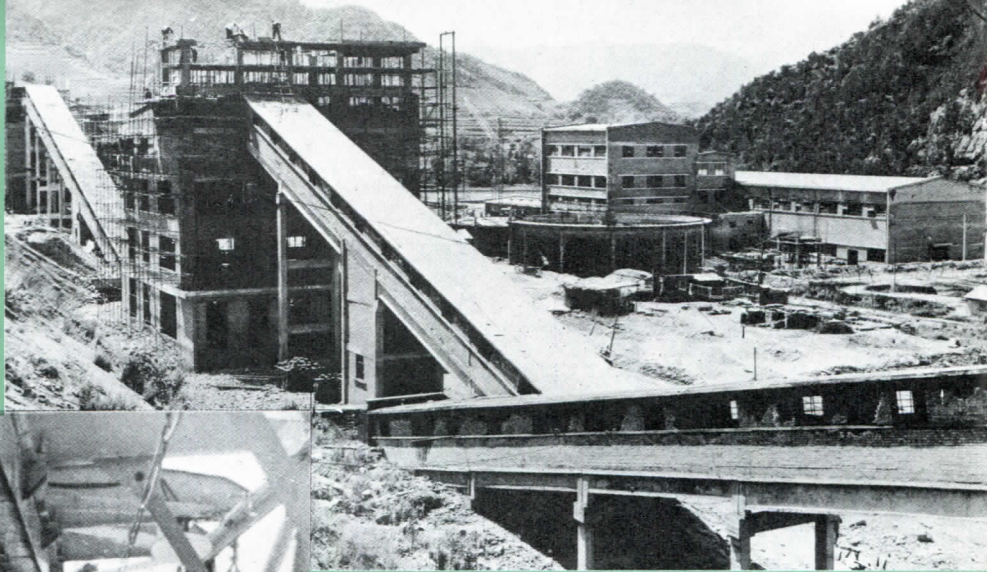
NEW LOOK AT STOCK ECONOMY

China Boosts Energy Development



New Outlook in China's Industrial Construction

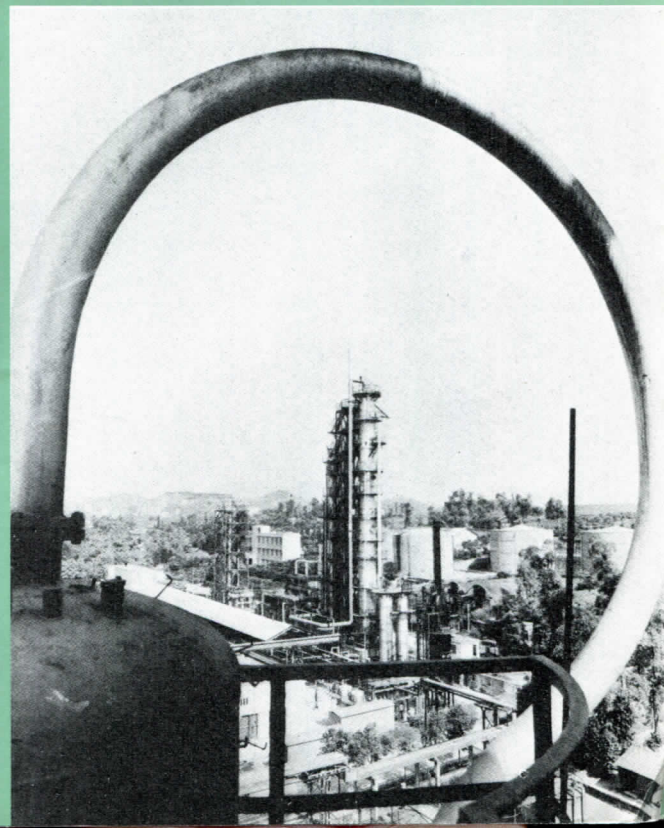
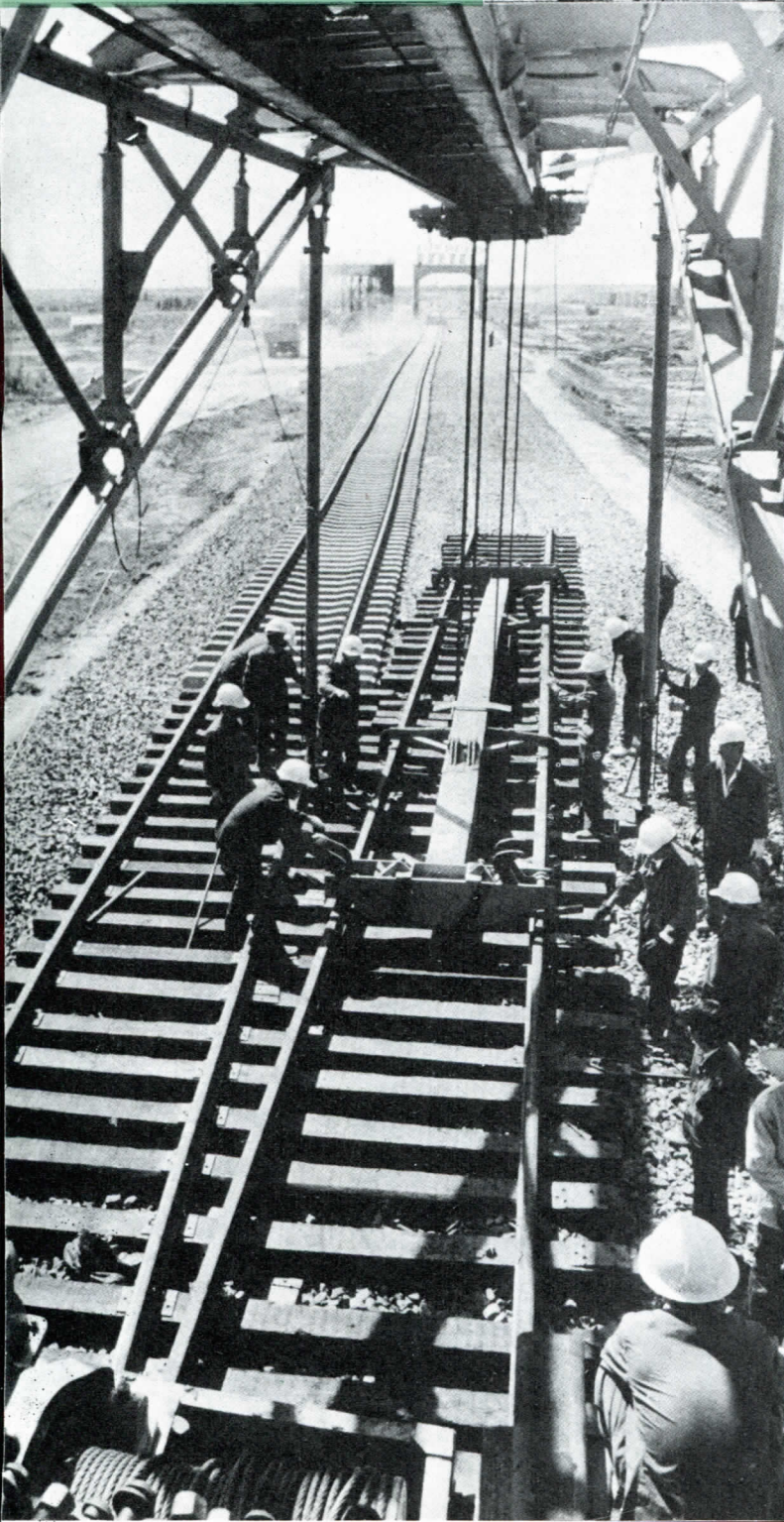
A railway line being laid from the coal city of Datong in Shanxi Province, to the port city of Qinhuangdao.



Gansu Changba Lead-zinc Mine will be the biggest in China. It is expected to produce 100,000 tons of lead-zinc concentrate a year.

SPOTLIGHT

A catalytic cracking device whose pipe frames the picture has just been installed at the Nanchong Oil Refinery in southwest China, which produces 30,000 tons of petroleum, diesel and gas a year and helps alleviate the energy shortage in southwest China.





VOL. 29, NO. 52 DEC. 29, 1986

CONTENTS

NOTES FROM THE EDITORS 4
 Wider Co-operation With
 Non-Communists

EVENTS/TRENDS 5-9
 New Law Aims to Prevent Land
 Loss
 Demonstrations Good In-
 tentioned, But...
 Public Buses: Why Are They
 So Packed

INTERNATIONAL 10-13
 Philippines: Progress During
 A Year of Upheaval
 Egypt: Relations With Israel
 Deteriorate
 Poland: Internal Situation
 Picking UP
 Trinidad and Tobago: New
 Government With New Hope

**Three Decisions Vital to Anti-
 Vietnamese War** 14

**US and Soviet Responsibility for
 Disarmament** 16

**Academic Discussion: Possibilities
 For China's Ownership Reform** 17

**Economic Survey: China Boosts
 Its Energy Levels** 20

Beijing Faces Water Crisis 21

Index for Nos. 27-52 Centrefold

FROM THE CHINESE PRESS 24-25

BUSINESS/TRADE 26-27

CULTURE/SCIENCE 28-29

SPORTS 30

COVER: Offshore oil extraction
 Liu Wenmin

Cover for issue No. 51 should read: "Building."

HIGHLIGHTS OF THE WEEK

Wider Co-operation With Non-Party Groups

■ The Chinese Communist Party's co-operation with non-Party political groups has changed for the better. But outdated concepts and styles that hinder this co-operation must be discarded and multi-party co-operation improved to increase the role played by the democratic parties in state politics (p. 4).

Student Demonstrations Not Illegal

■ A State Education Commission official says the recent student demonstrations in Hefei, Wuhan, Shanghai and other cities will not be suppressed as long as they are "not against the law." However, unsigned big-character posters are undemocratic because they are irresponsible, destroy normal democratic life and disrupt social stability and unity, he said (p. 7).

Shareholding and Ownership Reform

■ Shareholding, as a new kind of socialist public ownership, has spread to more than 6,000 Chinese enterprises involving more than 6 billion yuan. An economist offers some personal predictions of future trends in ownership transformation in China's cities (p. 17).

China Boosts Energy Production

■ The nation speed up development of its power industry to generate enough energy to meet its needs for economic growth during the Seventh Five-Year Plan period (1986-90) (p. 20).

Kampuchean Guerrillas Stand Test of War

■ Political unity has given the Kampuchean resistance forces added strength. With the help of changes in their guerrilla war strategies and tactics and the call for a political solution, they have isolated the Vietnamese invaders and are dealing them harsher blows (p. 14).

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Wider Co-operation With Non-Communists

by An Zhiguo

The co-operation between the Chinese Communist Party (CPC) on the one hand and democratic parties and public figures without party affiliation on the other has been expanding. It is sincere and durable, not decorative, dispensable or short term.

People outside the Party have been taking an active part in state politics. The proportion of deputies to the National People's Congress (NPC), the highest state organ, from among the democratic parties and people without party affiliation, has risen from 8.2 percent in the Fourth NPC (1975-78) to 18.2 percent in the Sixth NPC (1983-88). The number of delegates to the Chinese People's Political Consultative Conference (CPPCC) is 3.5 times more than 1966, and 60 percent of them are not Communist Party members. There are non-Party people in leading posts in local governments too.

Attracting primarily intellectuals, the democratic parties have taken advantage of this to establish extensive economic, scientific, technological and legal consulting services, and to support the countryside, the frontier, the minority and poor areas in developing their economies and culture.

The policy of freedom of religious belief has been implemented conscientiously and organized religion has played a positive role in promoting reunification of the motherland and world peace through contacts with foreign countries. Progress has been made in forging closer ties with compatriots from Taiwan, Hong Kong and Macao, with

overseas Chinese and foreigners of Chinese origin.

During the revolutionary war years, the CPC pursued the prolonged struggle to become the party in power by uniting with non-Communists from all walks of life in the face of a powerful common enemy. After the found-

Co-operation with non-Communists involves two alliances, one composed of all labourers and patriots on the mainland, and the other with Taiwan, Hong Kong, Macao compatriots and overseas Chinese.

ing of the People's Republic, the CPC continued this line during the socialist transformation of private ownership of the means of production. It followed the peaceful policy of buying out the bourgeoisie's businesses and factories, and devised the policy of "long-term coexistence and mutual supervision" in its relations with the democratic parties.

However, "left" mistakes were made after the anti-rightist movement began in 1957, especially during the "cultural revolution" (1966-76), which hurt a large number of friends outside the Party. Since the end of 1978, the CPC has corrected these mistakes. A host of problems left over from the past were tackled. Wherever possible, cases of injustice were redressed. All this has made it possible to return to

better policies towards the democratic parties, intellectuals, overseas Chinese affairs, minority nationalities and religion.

The CPC's co-operation with non-Party people has taken on new characteristics. Its scope has been expanded since China pressed ahead with the reforms and the open policy, especially after the "one country, two systems" concept was proposed.

In a recent speech, Xi Zhongxun, member of the CPC Political Bureau, pointed out that the patriotic united front involves two alliances, one composed of all labourers and patriots on the mainland, taking socialism as its political basis; another with Taiwan, Hong Kong and Macao compatriots and overseas Chinese, which takes support for the reunification of the motherland as its political basis.

Yan Mingfu, head of the CPC United Front Work Department, elaborated on this. Under the banner of the unity of the Chinese nation, he said, "We will unite and co-operate with all those who favour reunification of the motherland, regardless of their class origin, party affiliation, political orientation or beliefs."

Partners in this co-operation are the democratic party veterans and patriots who have experienced hardships together with the CPC and who made great contributions to the revolution and the construction after it. They also include younger people who have emerged in the political, economic and cultural fields in the last few years, many of whom have become leaders in various democratic parties and people's organizations.



New Law Aims to Prevent Land Loss

Land waste, like population growth, is a major problem that calls for solution if China is to carry out economic progress. Several recent studies have drawn attention to the problem and indicated that a fundamental change in existing land management is urgently needed. In response to this need, a new "Law on Land Administration of the People's Republic of China" will take effect January 1, 1987. Its aim is to prevent further losses of land.

Explaining the new land law, Wang Xianjin, director of the State Land Administration, said that China will institute a system of using publicly owned land on a fee basis. This will replace the free use of land, especially farm land, and limit the annual total losses of arable land resulting from residential and industrial development.

Although China's family planning policy has greatly slowed down the population growth, the population is still growing, and the nation is suffering from drastic shrinkage in the per-capita average of arable land.

Wang said, the latest surveys show that China is the third largest country in the world in terms of territory, which makes up 6.4 percent of the globe's total land surface, but this doesn't help much in its shortage of land resources. Moreover, only two-thirds of China's 9.6 million square kilometres of land is arable; the rest is desert, rocky hills, mountains, permanent snow, or glacier. Soil erosion affects 1.2 million square kilometres, and desertification has been increasing by an average of some 1,600 square kilometres a year for the past 30 years. As a result, China's per-capita land average is less than 0.1 of a hectare, far less than the international average of about 0.3.

Besides, human factors such as

waste, improper use of land, deforestation, loss of pastures, imbalances in ecosystem and environmental pollution also contribute to land loss and hinder the progress of China's economy. A few provinces are said to lose the equal of a whole medium-sized county each year because of such factors. More than 10 million Chinese farmers now lack enough land to support themselves.

Wang also called on the news media to publicize the potential crisis, so the people will know the truth about the nation's land resources. Responsible actions motivated by awareness are necessary if implementation of the new land administration law is to succeed.

The land law's chief aim is to reform the tradition of free use of land and to regulate land management. In the past, urban enterprises paid little or nothing when they requisitioned land for construction, and often came to regard the land as their own. Little attention was paid if the amount of land exceeded actual needs, and enterprises would even refuse state requests to return land needed for other uses. Sales and rentals of land have been to some extent uncontrolled.

The new fee-paying system will halt such abuses and establish overall land control. For instance, since the city of Fushun in northeast China began experimental enforcement of the system of levying fees on land use, it has regained 650 square kilometres of land that had been illegally occupied or requisitioned but put to no use. Some enterprises voluntarily gave back some of the land.

Another urgent problem is the imbalance between farmland and land covered by cities, villages and roads. Even large, crowded cities like Beijing, Shanghai and Tianjin

Intellectuals and democrats, once thought to need remoulding and re-education, have now become an important force in society. Intellectuals are part of the working class; the democratic parties are political parties dominated by socialist labourers. They participate in government work and devote their efforts to the socialist cause.

The CPC emphasizes that leadership means service, that the party in power must stress serving non-Party people and all Chinese people. This includes responding to their demands, protecting their interests and encouraging them to raise their ideological and professional levels. The CPC requires its members to be more attentive to the needs of people around them, work to win the confidence of non-Party people by rendering them whole-hearted service, and to establish mutual trust with non-party people in the democratic spirit of equality.

It is high time that outdated concepts, styles and methods of work which still exist among some Party cadres and prevent them from co-operating with non-Party people be discarded. The multi-party co-operative system needs to be improved so as to give further play to the positive role of the democratic parties in the state's political life. This will be an important element in the reform of China's political system. ■



LI SHENGMAN.

First Soviet Trade Show in China in 32 Years

The first Soviet industry and trade exhibition in China since 1954 opened in Beijing on December 12. Chinese Premier Zhao Ziyang and some other Chinese leaders visited the exhibition. Zhao said while touring the exhibition that China's open policy applies to all countries and China hopes Sino-Soviet co-operation in trade, economy and other fields will achieve greater development through the joint efforts of both sides.

The show featured more than 500 exhibits, including models of a spaceship, a moon vehicle, a nuclear power station, transportation and communications means, machine tools, etc.

have spacious areas lying vacant and unused. On the other hand, the cities are also encroaching onto more and more farmland in their suburbs. China's non-farm land proportion accounts for 14 percent of its territory. This is much higher than that for developed countries such as the United States, whose non-farm land proportion is only 4 percent. Making fuller use of non-farm land coverage might be an important way out.

The new law is also expected to control improper use of scarce land. The state will draw up long-term and annual programmes for the use of land for urban and rural construction. China's densely-populated southeastern coast and

southwestern areas are most in need of land protection.

Some specifics of the new law included charges to be levied on those who occupy state-owned land to provide funds for developing new land. Also, land used for vegetable-growing on the outskirts of cities may not be turned to other uses unless necessary, and only upon payment of a high fee.

The government is now organizing about 1 million people to gather data on the use of land for purposes other than farming. Statistics from 10 provinces, autonomous regions and municipalities show that 30 percent of the land covered by the investigation was requisitioned or occupied

illegally. About 250,000 hectares have been taken back and more than 60 million yuan in fines have been imposed. Some local officials involved in illegal occupation of land have been punished.

China also plans to enlarge its land protection zones, including major historical and scenic areas, natural reserves, and important centres of farming, forestry and animal husbandary. By the end of 1985, national reserves numbered 360, covering nearly 200,000 square kilometres, or 2 percent of China's territory. These reserves will not only provide opportunities for scientists of various disciplines to carry out scientific research, but will also help improve the present land situation. ■

Demonstrations Good Intentioned, But. . .

Student demonstrations will not be suppressed as long as they are not against the law, according to a State Education Commission official who commented December 20 on recent demonstrations in Shanghai, Hefei, Wuhan and other Chinese cities earlier this month.

The official, who is in charge of the college education department under the commission, made the remark in an interview with Xinhua News Agency.

In Shanghai thousands of students, some carrying banners calling for "freedom" and "democracy," took part in demonstrations in the downtown area the weekend of December 19. Their actions began when two big-character posters (dazibao) appeared earlier in the week at the Shanghai Jiaotong University. Students at several other local universities and colleges, including Tongji and Fudan universities, responded by putting up big-character posters as well. Some of the posters complained about school teaching, welfare and students' union work; others urged speedy progress in socialist democracy and political reform; and others incited students to take to the streets. There were also a small number of anti-socialist posters.

On December 19, students demonstrators stopped traffic along 17 major bus routes and several hundred students broke into the building that houses the Shanghai Municipal People's Congress Standing Committee.

Mayor Jiang Zemin met with student representatives. He advised them to stop doing anything that would damage political stability and unity and go against the fundamental interests of the people.

Xinhua reported that 31 policemen were beaten up while trying to maintain order and persuade the students to return to

school. None of the police returned a single blow, the report said.

When asked to comment on the fact that some students were demanding democracy and freedom, the State Education Commission official explained that development of socialist democracy has been a consistent policy of the Chinese government, since it was adopted as an important plank in the restructuring of the political system at the Sixth Plenary Session of the 12th Party Central Committee held last September.

"It is understandable that college students should be concerned about the restructuring of the political system and hope to express their views on these issues," he said.

When asked whether the government had intervened in the student demonstrations, whether any of the students had been arrested, and how their demands would be handled, the official replied that the Chinese Constitution stipulates that Chinese citizens have the right to hold demonstrations. He added that the students would not be suppressed as long as they did not do anything against the law. He said up to December 20 none of the students who had taken part in the demonstrations had been arrested and that the students' requests had been or would be discussed seriously by appropriate school and local authorities.

However, the official also pointed out that big-character posters were not a good way to display democracy. On the contrary, he said, the "cultural revolution" (1966-76) showed that big-character posters served to destroy normal democratic life and to disrupt social stability and unity, because they were not signed and no one had to take responsibility for the claims written on them. So the poster-

writers were free to distort facts and even slander people. It was for that reason, the official said, that the National People's Congress passed a resolution on September 10, 1980, to delete the stipulation in the then Constitution concerning citizens' rights to put up big-character posters.

On December 23, *Renmin Ribao* (People's Daily) published an editorial calling on people throughout the country to treasure and develop political stability and unity.

The editorial said that the past eight years since the Third Plenary Session of the 11th Party Central Committee have been the best period in Chinese history. The country has been politically stable and united. The economy has developed steadily and in a coordinated manner. The reform of the economic system, which takes the urban areas as the key link, has developed in an all-round way, and the socialist democracy and legal system have been strengthened, the paper said.

But, the editorial continued, reform is an "in-depth revolution." It is true that in the course of reform there are many new problems which call for solution. It is understandable there are different views on some specific issues. Therefore, it is absolutely necessary and advantageous to pool the wisdom of the people and conduct discussions through appropriate democratic channels. Moreover, energetic efforts are needed to overcome shortcomings in work and eliminate bureaucracy and "unhealthy tendencies." Therefore, the Party and government welcome criticisms and suggestions from the people.

The editorial concluded by saying that the Chinese people have paid a high price for today's stability and unity and that young people should be told this truth because they are the future and hope of the country. ■

China & the World

■ **China, Mongolia Sign Trade Protocol.** China and Mongolia signed a protocol on 1987 trade in Ulan Bator on December 15. According to the protocol, China will export to Mongolia silks, textiles, light industrial goods, chemicals, machines and fruit while importing timber, leather and raw materials for making paper. The 1987 trade volume between the two countries is expected to rise by 7.8 percent over this year.

■ **Benin President Visits China.** Benin President Mathieu Kerekou concluded his week-long official and goodwill visit to China on December 19. Kerekou said that he is satisfied with the results of his visit and hopes the two countries will have more co-operation in international affairs as well as in bilateral relations.

During his visit, the two countries signed an agreement on China providing Benin with an interest-free loan and a protocol on the management of Lokossa Textile Mill in Benin with Chinese aid.

■ **Chinese Vice-Foreign Minister to Visit Laos.** Chinese Vice-Foreign Minister Liu Shuqing was to visit Laos from December 20 to Lao Ministry of Foreign Affairs. The purpose of Liu's visit would be to exchange views with the Lao side on the improvement of bilateral relations, a foreign ministry spokesman said December 17.

Public Buses: Why Are They So Packed

I'm fed up. I'm sick and tired of the pushing and shoving, and waiting," an old engineer announced to a busload of passengers as he squeezed himself off a trolley-bus caught in a traffic jam. He took a taxi to work instead.

Horror stories about bus jostling have been more commonplace this winter. Big cities are the worst. During peak hours, 12 to 14 people often have to share one square metre of bus space between them. In Beijing, about 4,000 buses and trolley-buses have to cater for a population of 9 million.

Passengers have long wondered what makes the congestion an unsolvable problem and why increased bus services and improved streets have not eased the matter and the frequent "remedial" measures of recent years seem to have had no effect either.

In a letter to Chinese leaders Hu Yaobang, Zhao Ziyang and Wan Li, 46 managers of public transport companies from five provinces and the municipality of Shanghai meeting in Nanjing recently complained about their

local government's refusal to make the reduction in taxation for bus companies as advocated by the State Council. "As a public service, bus companies have been losing money," the managers wrote. "However, they have to pay the same amount in taxes as industrial enterprises," they added.

Indeed, the most likely root of the problem is that all urban transport companies are in financial difficulties because the portion of profits they can keep for their own disposal is always lower than that of local industrial enterprises. Take the Shanghai Municipal Public Transport Company for example. It is the biggest of its kind in the country. In an attempt to improve its service, the company last year opened 21 new bus routes and increased the number of bus journeys by 1.1 million, thus adding 28 million kilometres to its mileage. However, its efforts only brought its taxes due to the state up to 52 million yuan, while slashing its after-tax profit by more than 11

Getting on and off the bus—either way, it's a battle.

LUO HAIBO



million yuan.

Uneconomical charges have also been crucial to the tension, with fares set too low for bus companies to make a healthy financial return. The nation's economic reform has sent most prices up, including the prices of petrol and oil, new vehicles and spare parts. The price of petrol in particular has soared to an alarming degree. "Naturally higher prices have brought higher operation costs. The more the buses run, the less money a bus company makes, and the more monthly tickets are sold, the greater its loss," the managers' letter explained.

The supply of petrol is still based on 1982 quotas, and the bus companies are required to buy above-quota amounts at higher prices. In 1985, the Shanghai company had to buy 11,500 tons of petrol at higher prices, which boosted its cost by 3.4 million yuan, and this figure is expected to exceed 5 million yuan this year.

"Such an unreasonable balance of income and expenditure has greatly damaged the morale and enthusiasm of employees, and made it very difficult for the transport companies to continue operating," the managers pointed out in their letter.

Bus drivers and conductors work harder for lower wages than their counterparts in taxi companies and in industrial enterprises. Poor standards of social welfare mean the company cannot keep pace with its workers' increasing housing needs. Statistics revealed that 20 percent of the Shanghai company's employees have housing problems and 40 percent for the Suzhou transport company. The proportions are even larger for the bus companies of smaller cities. As a result, few bus drivers and conductors are willing to stay in their jobs. According to the manager of the Lianyungang Bus Company in Jiangsu Province, six

drivers out of every ten have applied for transfer to other jobs.

The managers suggested in their letter that the State Council carry out checks on the implementation of existing traffic rules and regulations, including preferential treatment for bus companies approved by the State Council itself.

They also proposed setting up a public transport fund and further improving transport facilities. Meanwhile, petrol quotas at fixed prices should be raised to match rises in passenger traffic. In addition, there must be big changes in welfare provisions for transport workers and adjustments to the charges levied on bus companies. The managers suggested that lessons be drawn in this respect from the experience of the city of Tianjin.

A city of 4.12 million people, Tianjin improved its public transport system by buying 260 new buses, widening streets and putting in many more road crossings. In addition, the city has gone all out to improve the working and living conditions of the employees of its bus company by setting up canteens, bathrooms and kindergartens at terminals. In 1986 alone, public transport workers have been given 8,000 square metres of new housing.

The State Council gave a positive reply to the letter, and called on local governments to attach greater importance to solving the problem. ■



News in Brief

China's steel output surpassed 49 million tons by December 16. The total is expected to exceed 50 million tons for 1986. Pig iron production will top 49 million tons, 5.6 million tons more than in 1985. It is estimated that profits and tax will total more than 14 billion yuan (US\$3.8 billion), 6.9 percent higher than last year.

■ ■ ■

The Great Wall Computer Group Corporation, the largest of its kind in China, was established in Beijing on December 17. The group consists of 67 factories and institutes and will deal in various types of computers, software, engineering projects, communications equipment, integrated circuits and semi-conductors. It will also develop the use of large and small computers and programme-controlled switches, with emphasis on fourth-generation computers.

■ ■ ■

China will have 2,050 television-receiving satellite ground stations serving all areas of the Chinese mainland by 1990, according to a national exhibition of satellite telecommunications which opened in Beijing on December 17. These stations will be used for telecommunications, data-processing and photo transmission, in addition to transmitting television programmes.

PHILIPPINES

Progress During a Year of Upheaval

President Corazon Aquino, after taking office on February 25, has carried out a series of reforms to stabilize the political situation and improve the economy. This has allowed the Philippines to advance under conditions of upheaval.

In her first 10 months in office, President Corazon Aquino reorganized the government, dissolved the Congress, removed the Chief Justice from the Supreme Court, who was believed to be closely linked to ousted President Ferdinand Marcos, and fired several high-ranking army officers.

On June 2, she appointed a special committee to draft a new constitution. After four months of work, the committee arrived at a draft, which will be submitted to a plebiscite in February 1987. Aquino is calling on the people to campaign for its overwhelming ratification. She said that though the new constitution is not intended as a final solution to all problems in the Philippines, "its ratification will be our recognition and acceptance of the greatest challenge our nation has faced in its history."

On November 27, the Philippine government and the opposition National Democratic Front (NDF) at last reached a ceasefire agreement. The agreement, arrived at in seven rounds of talks beginning August 5, went into effect December 10 and will last for 60 days. The NDF is composed of the Communist Party of the Philippines, the New People's Army and other political groups which have been waging armed struggle against the government for the past 17 years. In addition, on November 23, the government and Moro National Liberation Front (MNLF) also reached an agreement aimed at preventing

further hostilities. Both sides agreed to reinforce their commitment to cessation of hostilities and take new steps to improve the climate of confidence. The MNLF, headed by Misuari, began fighting against the Marcos

government in October 1972, demanding secession or independence for their homeland Mindanao, the country's second largest island. It is located 800 kilometres south of Manila.

President Aquino has engaged in vigorous diplomacy, paying visits to Indonesia, Singapore, the United States and Japan, and gaining promises of political and economic support from them as well as other nations.

The Philippine economy has also shown marked gains in key areas. An economic report issued in third quarter of 1986 said, the GNP had increased by 2.5 percent, compared to a negative growth of 3.9 percent a year ago. Exports

After an emergency cabinet meeting on November 23, President Corazon Aquino accepted the resignation of former Defense Minister Juan Ponce Enrile and appointed Rafael Ilete to replace him.



rose by 6.1 percent to US\$1.25 billion, while imports declined to US\$1.2 billion from US\$1.3 billion a year ago. Gross foreign exchange reserves stood at US\$1.7 billion at the end of the third quarter, a level equivalent to about 2.6 months of import requirements. Prices dropped by 1.4 percent, compared to an inflation rate of 15.7 percent during the same period of 1985.

However, at the same time that President Aquino was working for reforms and adopting measures to stabilize the political situation, divergences among her cabinet members emerged. Former Defense Minister Juan Ponce Enrile criticized her strongly for taking part in peace talks with NDF. On November 22, it was learnt that some young officers who were Enrile's followers were planning to stage a coup. On November 23, to stabilize the political situation and to make a fresh start, President Aquino demanded that her cabinet ministers resign. She first accepted Enrile's resignation and immediately appointed Rafael Iletto to replace him. Aquino has also accepted the resignations of three other cabinet ministers; Natural Resource Minister Ernesto Maceda, Public Works and Highways Minister Rogaciano Mercado and Local Government Minister Aquilino Pimentel.

Observers say that though President Aquino has achieved remarkable successes in the political and economic reforms, she has a long way to go before the political situation stabilizes and the economy is restored. The upcoming peace talks with NDF will be much more difficult than the discussions leading to the ceasefire agreement. In the south, some Muslim organizations are still planning to set up a "provisional government." The most difficult tasks facing her, however, would be how to pay back US\$26 billion in foreign debts and reduce unemployment.

by Zhai Shuyao

EGYPT

Relations With Israel Deteriorate

Since the Taba issue was solved, the relations between Egypt and Israel have recently deteriorated.

New clouds are shadowing relations between Egypt and Israel following Egyptian President Hosni Mubarak's flat rejection earlier this month of an offer by Israeli Prime Minister Shamir to meet with him at any place and at any time.

The reason is that since Shamir took office as prime minister in October 1986, he has on several occasions talked about enlarging the number of Israeli settlements in the West Bank and Gaza Strip, now 139, by 27. In late November, Mubarak publicly and severely criticized Shamir's policy on this issue and demanded that the Israeli authorities stop establishing Jewish settlements in their occupied Arab territories.

Egyptian Deputy Prime Minister and Foreign Minister Ismat Abdel Meguid also denounced Israel's actions in the region as "unlawful."

Shamir's response to Mubarak's criticism was immediate. He said the criticism would further harm relations between the two countries. While talking with foreign reporters in Cairo on December 2, Mubarak said Egypt would not be intimidated by threat from anybody, including Shamir. It was after this that Shamir asked for a meeting with the Egyptian president, and was rejected.

The establishment of Jewish settlements is a crucial issue that must be resolved if peace is to come to the Middle East and a solution found to the Palestinian issue. Egypt has consistently held that to reach a just, comprehensive and reasonable settlement of the Palestinian issue, Israel must withdraw completely from its

occupied Arab territories and restore the legitimate rights of the Palestinian people. The Egyptian government maintains that Israel is obstructing the search for a solution to the Mideast issue by attempting to occupy these territories permanently.

But the Israeli authorities maintain that the West Bank of the Jordan River and Gaza Strip are their own territories and will not withdraw. Israel says the solution to the Palestinian problem is to let the Palestinian people exercise administrative autonomy in the West bank and Gaza Strip under Israeli rule.

Between June 5, 1967, when the Middle East war erupted, and October of this year, according to the Israel's own statistics, Israel settled 61,200 Jewish citizens in 139 settlements in the West bank. The settlements are in three lines located in plateaus of strategic importance and in fertile agricultural areas. From the map one can see that the settlements divide and fragment areas inhabited by Arab people and are aimed at strengthening control over them. In the past 20 years Israeli authorities have confiscated half of the Arab lands in the West Bank and about 400,000 Arabs have been forced to leave the area.

Another reason for worsening relations between the two countries is that since Shamir came to power, he has held to the position that the solution to the Mideast issue will only come about through separate and direct negotiations between Israel and the Arab countries, excluding the Palestine Liberation Organization.

Former Israeli Prime Minister Shimon Peres, now foreign minister, made a public statement stressing that the only Palestinian issue to be solved is that of Palestinian autonomy in the West Bank. This proves that Israel has stepped back from the joint statement issued with Egypt after meeting in Alexandria in September. At the meeting, Mubarak and Peres said that 1987 would be a

year of negotiations, but the change in the Israel's attitude makes this plan go sour and has aroused Egypt's indignation.

These developments suggest that the shadow over relations between Israel and Egypt will not clear for some time and that it is too optimistic to describe 1987 as "a year of negotiations."

■
by An Guozhang

improvements will take a much longer time than expected. Wage increases have exceeded those in labour productivity, and inflation has not been brought within reasonable limits. The index of price increases, amounting to 15 percent in 1985 and 17 to 18 percent this year, has far exceeded earlier predictions. Foreign debts (interest included) grew from US\$23 billion in 1980 to US\$31.3 billion in June 1986.

In the area of politics, the Polish government has done much to promote socialist democracy and legal system, and to win over the majority of the people. It has learnt from experience that there are differences of views and opinions among the people and that the duty of the government is to conduct dialogues and consultations with the dissidents to reach agreement when important issues arise. During the past 5 years the role of the Parliament and local assemblies has clearly improved. Trade unions, which were reestablished after the abolition of the Solidarity Trade Union, have become politically active. Some policies on important issues have been discussed publicly before being passed. With its position strengthened, the Polish government has, over the past 5 years, announced four general amnesties, including the release this year of all political prisoners. It insists that dialogue must be carried on with those who, though having different views, are concerned about the prosperity of their country, while those who do not abandon their anti-socialist activities are to be excluded from national reconciliation. The Polish government believes that the process of normalization has advanced remarkably since the imposition of martial law and many people are paying more attention to the government. One American newspaper has cited the progress made by the Polish government in reaching reconciliation with its critics.

Polish leader Wojciech Jaruzels-

POLAND

Internal Situation Picking Up

The 5th anniversary of the imposition of martial law in Poland has seen the nation's problems balanced by economic and social improvements.

On December 13, 1981 the Polish government announced a state of emergency across Poland and imposed martial law, which lasted for one and a half years. Since then Poland has achieved considerable success in rehabilitating the national economy and securing social stability.

Before martial law, Poland was enduring its most critical postwar domestic crisis. Its economy was on the verge of collapse. Political upheavals caused by the Solidarity Trade Union threatened the stability of the government. The imposition of martial law, however, immediately brought the unrest to an end and laid a foundation for economic recovery. Over the past five years Poland has taken many measures to restore the economy and to carry out economic reform.

The process of recovery is a long and slow one. National income fell 25 percent between 1978 and 1982. During the same period, industrial output dropped 10 percent and

farm production 20 percent. Economy began to revive slowly in 1983. Industrial output this year is 8 percent higher than in 1978, but national income is still 8 percent lower. Production of grain and oil-bearing crops registered record highs this year. Animal husbandry has picked up since 1984, but meat production this year is still expected to be 10 percent lower than in 1978.

Since 1982 Polish enterprises have undertaken various kinds of reforms, centring around responsibility for their own profits and losses and self-management of the workers, and they have made certain achievements. But because the Polish reforms are taking place in the context of a sluggish economy, plus a lack of experience and other obstacles both domestic and international, the reform line has not been fully adhered to. The Polish authorities have admitted that they were over-optimistic about an early improvement in the economic situation and that

ki claimed in a speech on December 1, "We have to a great extent realized social stability." But at the same time he admitted, "We still have serious economic problems which affect the living conditions of the people and thus affect the social mood." The 10th Congress of the Polish United Workers' Party in July this year decided to go ahead with the economic reform's second phase in an effort to accelerate the country's economic development. At the same congress the Party

also decided to further enrich the "socialist democratic model" of Poland. In a December 10 article commemorating the 5th anniversary of martial law, the Polish armed forces' organ *Zolnierz Wolnosci (Freedom Fighter)* pointed out that today's top priority for Poland is economic development. Therefore, the results of the second phase of economic reform will undoubtedly exert an important impact on Poland's future. ■

by Wen Youren

decline, shrinking by 11 percent in 1984 and 6 percent in 1985. This has been compounded by mismanagement, red tape and waste in the public sector. A long-standing "high wage" policy has burdened the government with a heavy payroll, even though revenues, derived mainly from income and corporate taxes, royalties and customs and excise taxes, regularly exceed expenditures. Because of business failures, unemployment has increased by 15 percent, according to official figures. There have also been reports of drug abuse and other social problems.

The outgoing government, led by George Chambers, has tried to reverse the situation by devaluing the local currency and increasing import duties. It also made efforts to develop more natural gas, petrochemicals and tourism in a bid to diversify the economy. As a result, agricultural and oil production increased last year and for the first nine months of this year, the value of exports from industries other than petrochemical offset losses in crude oil exports. But the country's business community sees PNM's adjustment steps as too late and its leadership incompetent.

During the election campaign, NAR leader Arthur N.R. Robinson proposed a new economic strategy: less dependence on oil, expansion of manufacturing, food self-sufficiency, improvement of state enterprises and creation of jobs. He also offered an "immediate action plan" to fight corruption, waste and mismanagement.

During his campaign, Robinson declared himself committed to the Caribbean integration movement. His party's campaign manifesto stated that Trinidad and Tobago, "as a small developing third world nation, must not be contained by superpower rivalry" and that it would "strengthen its bonds with the third world" to realize the aims of the non-aligned movement. ■

by Xin Di

TRINIDAD AND TOBAGO

New Government With New Hope

NAR, the opposition party in Trinidad and Tobago, has won the most recent parliamentary election and is promising to get the sluggish economy rolling again.

The landslide victory of the Opposition National Alliance for Reconstruction (NAR) in December's general elections is promising winds of change to Trinidad and Tobago.

The election brought about the first government change in the twin-island Caribbean nation since it achieved independence from Britain in 1962 and ended 30 years of rule by the People's National Movement Party (PNM), which lost its fight for a seventh consecutive five-year mandate to NAR, a strong new opposition coalition of four parties which won 33 seats of the parliament's 36 seats.

According to political analysts, the cause of the upset can be traced mainly to the nation's declining economy. As one of the wealthiest countries in the Caribbean, Trinidad and Tobago has enjoyed

a stable economy and high gross national product (GNP) ever since independence. Because of its rich onshore and offshore oil resources and its developed mining industry, dominated by petroleum production and refining, which generate 35 percent of the GNP and employ one-sixth of the labour force, the country experienced an economic boom in the 1970s due to oil price rise in the world market.

However, the unexpected plummeting of oil prices in the past few years has hit the economy hard. The oil share of Trinidad and Tobago's export earnings has fallen drastically from 90 percent in 1981 to less than 80 percent today. Meanwhile, foreign reserves decreased from US\$3.2 billion in 1981 to about US\$ 600 million at the end of June 1986.

Since 1983, real economic output has recorded a continued

KAMPUCHEA

Three Decisions Vital to Anti-Vietnamese War

by Yang Mu

On December 25, 1978, with the support of the Soviet Union, Viet Nam, self-proclaimed the third military power in the world, invaded Democratic Kampuchea. On January 7, 1979, Vietnamese troops occupied Phnom Penh, the capital of Kampuchea, and on the 10th installed the puppet regime of Heng Samrin. At that point, Hanoi declared that within four months the Democratic Kampuchean troops would be wiped out and the whole territory of Kampuchea would be under the control of the Heng Samrin regime.

The Democratic Kampuchean troops were not wiped out within four months, instead, they have been keeping up resistance against Viet Nam for eight years. During that time they have gained in strength. This is because:

(1) Viet Nam has perpetrated an outrageous violation on a small, weak nation, provoking its people to resist and others to protest all over the world.

(2) Viet Nam is going against a growing tide of peace, independence and development throughout the world, nourishing the Kampuchean people's spirit. This is an irresistible force which Viet Nam will eventually succumb to.

(3) The Democratic Kampuchean resistance forces have followed a wise course. Its milestones are a transition followed by three strategic decisions.

The transition was to take on guerrilla warfare in the tropical jungle, ending the forces' passive posture and giving them a secure base in the west border areas to hit back.

Viet Nam had been carrying out sporadic border attacks before the invasion. In the first half of 1978, Viet Nam launched ten large-scale

attacks across the border. The scale of these attacks grew after Viet Nam signed the treaty of friendship and co-operation with the Soviet Union on November 3, 1978.

Kampuchea, however, underestimated Viet Nam's ambition and unpreparedness sealed its fate. Realizing too late what was at hand, Kampuchea's forces resisted as best they could with conventional warfare. Their units were separated, surrounded, and had their supply lines cut. Democratic Kampuchea lost many of its soldiers and civilians in the process.

Far from being wiped out in four months, Democratic Kampuchea has been keeping up resistance for eight years while all the time gaining strength, because its national salvation war has won world-wide support.

In May 1979, the leaders of Democratic Kampuchea met in the jungle and decided that faced with such heavy odds the people's forces should wage a guerrilla war. In June of that year, the approaches of the guerrilla war were formulated in a series of meetings. This was the turning point. Thereafter the resistance forces established base areas primarily along the Kampuchean-Thai border from which to attack Viet Nam's occupation.

The three strategic decisions were to set up the coalition government of Democratic Kampuchea; to penetrate and take the fight into the interior of the country and to issue their eight-point proposal for a political solution to the Kampuchean problem.

First Strategic Decision: Coalition Government

The leaders of the three resistance forces in Democratic Kampuchea, Norodom Sihanouk, now president of the Coalition government of Democratic Kampuchea (CGDK), Son Sann, now prime minister of CGDK and Khieu Samphan, now vice-President in charge of foreign affairs, held their first meeting in Singapore in September 1981. The Singapore declaration signed on that occasion announced that supporting relevant resolutions of the United Nations and the declarations of international conferences on the Kampuchea problem, the three parties agreed to form a coalition government. In June 1982, the CGDK was established in Kuala Lumpur, the capital of Malaysia.

At the time, Viet Nam's newspapers described the coalition as built on sand, and some Western news agencies suggested it would last no more than six months. But the 4-year old coalition has proved that it is strategically sound. By joining the three parties, the Kampuchean people have an authoritative anti-Vietnamese government, which represents their national interests, organizes the patriotic forces and gives united leadership. The

coalition forestalls Viet Nam splitting Kampuchea's resistance forces, thus further isolating Hanoi. The coalition has also enhanced its prestige and gained broader international support by its unified policies. The number of countries voting in the United Nations for the withdrawal of the Vietnamese from Kampuchea increases year by year. Last year, it was 114, this year 116.

Second Strategic Decision: Fighting in Hinterland

The resistance forces, having successfully defeated the first six dry-season offensives, had to abandon most of their bases along the Kampuchean-Thai border and moved their main force into the interior in the 7th dry season (November 1984-March 1985).

Son Sann and some high-ranking officers have said that they had only two choices under the heavy bombardment of the Vietnamese: to die along with their positions, or retreat temporarily to avoid unnecessary deaths. They chose the latter. After the 7th dry season offensive, the Vietnamese press and radios boasted about their "great victory," claiming that the forces of the CGDK "no longer existed." International observers, however, predicted that the fighting by the resistance forces inside Kampuchea would be significant, making the military situation for the Vietnamese more difficult.

This has been borne out by the fact that the CGDK forces have upset Hanoi's plans. After its military occupation of Kampuchea in 1979, Viet Nam put nearly 10 divisions on the western front, and the rest elsewhere. The aim was to pin the resistance forces along the western border and then eliminate them. After the resistance forces gave up their bases along the border and became

active around Tonle San Lake and Phnom Penh, Viet Nam had to withdraw troops from the border area to defend its major cities in the interior—its forces were thus dispersed. Besides it is hard to close the border and find the main strength of the resistances. The Vietnamese, having landed themselves in a passive position, were unable to start new large scale offensives after the 7th dry-season offensive. The dispersal has also hampered their co-ordination.

The Three Strategic Decisions—forming a coalition government, fighting in the hinterland and raising the eight-point proposal for a political solution—have proven vital to the anti-Vietnamese war. So long as they are abided by to the end, the Vietnamese will be driven out and a new Kampuchea born.

After moving into the interior, the armed forces of the coalition have been able to overcome ammunition shortages and have gained a foothold in a large area in the interior. Because in the process they strengthened their ties with the people. They have built on those ties and have gained the confidence of the people. They can secure food from the local people and weapons and drugs from outside easily.

Their unity—represented by the CGDK—enables the factions to fight their common enemy.

Third Strategic Decision: Political Solution

On March 17, 1986 the CGDK issued an Eight-Point Proposal for the Political Solution to the Kampuchean Problem. The main points of this proposal are: that Viet Nam should negotiate its troop withdrawal from Kampuchea with the tripartite CGDK; that it should completely withdraw from Kampuchea in two phases on a set schedule; that after the first phase of the Vietnamese troop withdrawal, Heng Samrin and his faction should enter into negotiations with the CGDK to form a four-part coalition government of Kampuchea.

The eight-point proposal expressed the desire of the CGDK for peace and its restraint towards Viet Nam. It also embodies the CGDK's desire for national unity. It makes use of the proposals for a solution which have been put forward by other countries. The proposal also looks to the future and maps out the rebuilding of Kampuchea and principles for Kampuchea's future policies.

The document itself represents the unity of the CGDK: it is the three factions' common programme. On the whole, the United Nations resolutions adopted over the years and the International Conference on Kampuchea Declaration of 1981 are commonly recognized as the basis for a solution to the Kampuchean problem. At present the eight-point proposal also shares that status.

The eight-point proposal has been rejected outright by the Vietnamese authorities, showing once again that Hanoi stubbornly refuses to withdraw its troops. Over 60 countries have formally expressed support for the eight-point proposal of Democratic Kampuchea. Its significance will become more obvious as time goes on. ■

(An abridged translation of a "Red Flag" article, issue No. 24.)

US and Soviet Responsibility for Disarmament

by Si Chu

Two draft resolutions on nuclear and conventional disarmament submitted by China have recently been adopted by the 41st session of the United Nations General Assembly by an overwhelming majority of 150 to 0 with 2 abstentions in one case and by consensus in the other. This is the first time that China has solely sponsored and put to the vote important draft resolutions on disarmament at the UN. This is another manifestation of China's independent foreign policy and of its contribution to the maintenance of world peace.

The resolution on nuclear disarmament urged the United States and the Soviet Union, which "possess the most important nuclear arsenals," to "discharge their special responsibility for nuclear disarmament" by "taking the lead" in halting the nuclear arms race and reaching an agreement on the drastic reduction of their nuclear arsenals at an early date. The resolution on conventional disarmament stressed that the United States and the Soviet Union "have a special responsibility in pursuing the process of conventional armaments reductions," and that they and their respective military blocs should negotiate in earnest with a view to reaching early "agreement on the limitation and gradual and balanced reduction of armed forces and conventional weapons under effective international control." The key to disarmament lies in whether the two superpowers will fulfill the special responsibility they have by taking the lead in disarmament. The widespread support given to the two resolutions shows that China's views and proposals are reason-

able and practical, and reflect the common desire of people from all parts of the world.

At present, the continuous escalation of the nuclear arms race poses a grave threat to world peace. Over the years, the two superpowers have fiercely vied with each other in the field of nuclear weapons, and are now extending their arms race to outer space. The various kinds of nuclear weapons in their hands now account for over 95 percent of the world's total. Obviously, it will therefore only be possible to relax international tension and reduce the danger of nuclear war if the USA and the USSR take the lead in disarming. Any viewpoint that neglects, or evades or denies the special responsibility of the superpowers will thus prove unacceptable to the world community.

Under great pressure from the people of all countries, including their own, both the United States and the Soviet Union have advanced various proposals on nuclear arms control and disarmament. Both have declared that a nuclear war cannot be won and must never be fought; and both admit their special responsibility for nuclear disarmament. Both have also declared their willingness, in principle, to take the lead by reducing their nuclear weapons by 50 percent. However, all this has so far added up to no more than mere propaganda and a succession of "peace offensives." Six rounds of arms control negotiations between the two in Geneva have resulted in no agreement. And summit talks in Geneva and Iceland between President Ronald Reagan and General Secretary Gorbachev

proved disappointing. As a result, the international community is becoming increasingly concerned about the escalation of the nuclear arms race and is demanding that both the United States and the Soviet Union adopt constructive and flexible positions and engage in serious negotiations to reach an agreement on the significant reduction of nuclear weapons which both helps relax international tension and does not infringe upon the interests of other countries.

While laying the emphasis on nuclear disarmament, China's resolution on conventional disarmament also points out the serious threat to world peace and international security presented by conventional arms, and the need for conventional disarmament. In the age of nuclear weapons, there can be no absolute demarcation between a conventional and a nuclear war. If a war breaks out in an area with a high concentration of nuclear arms, it is likely to escalate into a nuclear war. And with the advance of science and technology, conventional weapons have become increasingly deadly and destructive. Conventional wars since World War II have claimed tens of millions of lives and inflicted incalculable damage to property. It is a fact that all foreign interference in and aggression against sovereign states has been carried out with conventional forces. Conventional and nuclear disarmament are hence closely related and mutually complementary. China's resolution pointed out that the United States and the Soviet Union, "with the largest military arsenals," "bear a special

BEIJING REVIEW

Index

Nos. 27-52

BEIJING REVIEW

Index

Nos. 27-52

I. DOMESTIC

1. POLITICAL

1) General

Handling Inner-Party Contradictions	28: 12	Cultural, Material Advances: Hand in Hand	42: 4
Political Reform Put on Agenda	31: 5	Marshal Liu's Death 'A Great Loss'	42: 6
Democracy Essential to Policy Making	32: 5	Overhauling the Election Machine	43: 24
Reforming Leadership System	32: 15	Improving Factory Leadership	44: 4
Why the Political System Needs Further Reform	33: 4	Marshal Ye Passed Away	44: 6
Deng Xiaoping on Mao Zedong	36: 14	Epic Long March Remembered	44: 6
Mao Zedong Still Fresh in Memory	36: 15	Modern Mayors for Modern Cities	44: 7
China Follows Its Own Road	36: 18	Dr. Sun Yat-sen's Message for Today	45: 4
Reform Now An Historical Trend	37: 6	Condolences on the Death of Marshal Ye	45: 5
Labour Reform: Making a Dint in the 'Iron Rice Bowl'	37: 16	For Your Reference: 'Socialist Culture & Ideology': Its Development	45: 17
More Power to Factory Directors	37: 26	Sun Yat-sen: Initiator of China's Democracy	45: 19
Debate of Political Issues Encouraged	37: 26	Nation Marks Dr. Sun Yat-sen's Birthday	46: 5
Experts Help Frame Policy	38: 8	Xinjiang Opens to the World	46: 6
Miao Woman Pioneers Reform	38: 26	Symposium on Theory of Political Structural Reform	46: 14
So Far, So Good, But...	39: 4	Commemorating Dr. Sun's 120th Birthday: Peng Zhen's Speech at the Beijing Meeting	46: 21
Red Guards: Yesterday and Today	39: 7	A Force Driving China Forward	47: 4
What Caused the 'Cultural Revolution'?	39: 14	Less Criticism, More Discussion	47: 26
Post 'Cultural Revolution' Chronicle of Events	39: 22	Feudal Thinking: Obstacle to Reforms	47: 26
Democracy and Science Vital to Good Policy Making	39: 28	Major Events of the Past Decade	47: 27
Long March 50th Anniversary: A General Looks Back	40: 19	Profit & Morality	48: 4
The Veterans Interviewed	40: 26	Academic Discussion: A Probe Into Theories Backing China's Reform	48: 14
The Women's Story	40: 28	Principles of Marxism Not Outdated	48: 26
Fresh Progress in Democracy	41: 4	Socialist Features Reexamined	49: 14
Peace: Keynote of National Day Celebrations	41: 5	Centenary of Zhu De's Birth Marked	50: 5
Professor Fei's Ideas for Political Reform	41: 31	Intellectual and Intellectual Ideology	50: 16
		Establishing Intellectuals' Constitutional Status	50: 18
		Public Assessment Helps End Life Tenure	51: 5
		Political Reform: Hard and Fast	51: 5
		Wider Co-operation With Non-Communists	52: 4
		Nepotism in Work Units Decried	52: 24

2. Chinese Communist Party

More on Improving the Party's Style of Work	34: 4
CPC Session Passes Ideology Resolution	40: 5
Resolution of the Central Committee of the Communist Party of China on the Guiding Principles for Building a Socialist Society With an Advanced Culture and Ideology	40: Centrefold
New Communist Criteria	50: 4

3. National People's Congress and the Chinese People's Political Consultative Conference

4. People's Liberation Army

Army Aids Peace and Economic Progress	30: 4
PLA Priorities: Disarmament and Development	43: 16
Cultural Life in Army Barracks	47: 27
Army Helps With Modernization	48: 24

5. Democracy and Legal System

Non-Communist Party Getting Bigger	48: 5
------------------------------------	-------

6. Hong Kong and Taiwan

Hu Optimistic on Reunification	42: 6
HK Basic Laws Progresses	49: 5

7. National Minorities

Rural Moslems: Prayer and progress	33: 19
Minorities Sports Games Colourful	37: 18
Backwater Area into the Mainstream	38: 20
Tibetan Students Trained Nationwide	47: 9
Population Policy for Minorities	48: 15
Autonomous Regions' Hefty Growth	52: 24

8. The Legal System

Bankruptcy Law Under Discussion	27: 7
Leaders Lectured on Law	29: 5
Minister on Social Order in China	34: 12
More Financial Lawyers Needed	37: 27
Local Laws Benefit China's Reforms	41: 7
Copyright Law—A Step Nearer	47: 6
Arm of the Law Gets Longer	47: 6

Green Light for Trial Bankruptcy Law	50: 6
Benxi: Towards Lawful Society	51: 19

9. Others

Jinggang Mountain: Home to Both Revolution and Tourism	31: 24
'Cultural Revolution': The Lighter Side	40: 31
Ningbo—A Promising Harbour in East China	41: 20
Manzhouli Wants Border Peace	43: 18
On Rumours	43: 31
Archives Come Out of the Closet	46: 15
Levelling, Not Socialist Moral Norm	46: 26
Demonstrations Good Intentioned, But...	52: 7

II Economic

1. General

Younger People Put on Leading Posts	27: 7
Planning and the Market	29: 14
Three Gorges Project: Is It Feasible?	29: 16
Economy Shows Steadier Growth	30: 6
Tangshan: Reborn From Rubble	30: 14
The Benefits of the Three Gorges Project	30: 22
Competition Touches Off Chain Reaction	35: 15
Check on Capital Spending Under Way	36: 5
Coastal Areas Urged to Boost Exports	38: 8
End of Turmoil Brings Economic Growth	39: 18
Last Respects Paid to Marshal Liu	43: 6
China's Economy Grows Steadily	43: 8
Xinjiang Strides Ahead While Opening to the World	44: 17
Price Gap Widens in Rural Areas	48: 7
Economic Survey: Shandong Helps Its Poor Areas	48: 21
Economic Growth in Different Areas	49: 21
Reform of the Commune System	49: 27
China's Three Regions: Difference in Urban Living Standards	50: 21
Liaodong Peninsula Opens to the World	51: 22
Statistical Survey: Income Gap Between Farmers Narrowing	51: 26
New Law Aims to Prevent Land Loss	52: 5

2. Industry, Communications and City Construction

Nuclear Power: Safety, Quality First	27: 6
Infrastructure Built for Nuclear Plant	31: 7
Key Projects Make Smooth Progress	31: 8
Developing Industry at Balanced Tempo	32: 4
Waste Hurts Building Industry	32: 10
Lifting Off With Flying Colours	34: 17

Daya Bay: Safety First	37: 6
Poor Transport Worries Beijing Public	41: 9
Plans to Upgrade Nation's Transport	42: 9
China Improves Traffic Control	44: 11
Personal Experience on CAAC	46: 26
Celluloid Tributes to Revolutionary Leader	46: 30
Public Buses: Why Are They So Packed	52: 8
Economic Survey: China Boosts Its Energy Level	52: 20

3. Agriculture, Forestry and Water Conservancy

Suggestions on Agriculture	32: 29
Fighting Rural Poverty: More Cash, More Effort	38: 10
Economic Survey: Agriculture Fares Well With Guidance Planning	44: 26
Preservation of Land a Must	44: 32
Diversified Economy Attracts Surplus Labourers	47: 16
Luoyang Township: A Success Story	47: 18
Food Grains Remain Important	49: 4
Farm Mechanization Still a Priority	49: 26

4. Finance and Trade

Shares of Stocks in Beijing Store	28: 5
Construction Bank Aids Housing	28: 7
Price Increases Slowing Down	32: 7
Stock Exchange Debut in China	33: 6
Consumers Need Guidance	38: 28
Shanghai Tries Stocks and Shares	42: 7

5. Opening to the World

Leasing Thrives in China	27: 28
China Attracts More Tourist	27: 28
Cuts in Imports of Production Line	27: 29
American Food Festival	27: 29
China's Insurance Goes International	28: 29
Metallurgy's Big Show in Beijing	28: 29
Beijing-Hong Kong Venture Under Way	28: 30
Liaoning Builds Key Projects	28: 30
How Volkswagen Performs in China	29: 24
Tokyo Symposium on China's Timber	29: 28
Stepping Up Coal Exports	29: 28
First PR Firm Opens	29: 28
China to Regain GATT Seat	29: 29
Sino-Thai Venture Logs First Profit	29: 29
Exports Increase, Imports Decrease	30: 26
Foreign Companies Expand Trade	30: 26

Electronics Exports Shoot Up	31: 28
Heilongjiang Improves Foreign Trade	31: 28
Inner Mongolian Symposium	31: 29
Japan Buys Hair Treatment	31: 29
Beijing Hosts Media Conference	31: 29
Foreign Loans on the Rise	32: 30
Expanding Foreign Co-operation	32: 30
Harbin Flax Exports Successful	32: 30
Nandaihe Developments	32: 31
French Open Joint Timber Venture	32: 31
China Improves Its Appeal to Investors	33: 5
Heilongjiang Province Attracts Foreign Capital	33: 28
Nonferrous Metals Imports on the Rise	33: 29
Huangdao Island Development Zone	34: 26
Tsingtao Beer Sold in the US	34: 26
Improving Conditions for Joint Ventures	35: 4
Deng: Open Policy to Continue	35: 5
Price Rises in Tourism	35: 28
New Technology Brings Good Results	35: 28
Township Enterprises Hold Export Fair	35: 29
Foreign Investment in Beijing	35: 29
Perks to Favour Overseas Investors	36: 5
Economic Relations in Prospect	36: 30
Sino-US Co-production	36: 31
Army Export Commodities Fair	36: 31
Non-Ferrous Metals Symposium	36: 31
Making the Most of Investment in China	37: 4
Consultancy Services Doing Well	37: 28
Factory Uses Foreign Technology	37: 29
Qingdao Imports Embroidery Machine	37: 29
Petrochemicals: The Next Five Years	39: 30
Foreign Funds Help Development	39: 30
Rattan Exports Grow	39: 31
Sino-Soviet Trade Mounts	41: 33
Beijing Tourist Service Improves	41: 33
Linyi Cries Out for Development	41: 34
Embroidery Enjoys Growing Sales	41: 34
China Improves Climate for Foreign Investment	42: 5
China Disappointed at Textile Protocol	42: 30
Chinese TV Sets' Debut in Britain	42: 30
China, FRG Foster Co-operation	42: 30
Adsale to Hold Exhibitions in China	42: 31
Daqing Buys Hotel in West Germany	42: 31
New Chances for Investment	42: 31
Green Light to Foreign Capital	43: 4
Provisions of the State Council Encouraging Foreign Investment	43: 26
State Council Official Answers Questions	43: 28
Sino-Singapore Tourist Co-operation	43: 32
Japanese Clothes Shop in Beijing	43: 33
Beijing to Host Technical Co-op Meeting	44: 28
China, W Germany Produce Machines	44: 29
Chinese Trichogen Cuie Finds Market	44: 29
Asian Defence Show in Beijing	45: 30
New Accords Avoid Double Taxation	45: 30

Confidence in Chinese Market	45:31
Changping Attracts More Foreign Funds	45:31
Xinjiang Opens to the World	46: 6
High-tech Success Against the Odds	46:17
Beijing Golf Club Opens to Business	46:28
Liaoning's Privileges for Foreign Investors	46:29
Synthetic Bags Sell Well	46:29
Xiamen to Attract More Foreign Funds	47: 7
South-South Technical Co-operation	47:28
Foreign Funds Needed for Power Plants	47:28
More Trademarks Registered Abroad	47:29
Sino-Japanese Co-operation	48:28
China Exports Civil Planes	48:28
Co-operation With USSR Resumed	48:29
Tourist Exhibition	48:29
Rights of Joint Venture Upheld	49: 7
Guilin's Plan to Use Foreign Funds	49:28
UNICEF-China Co-operation in Childcare	49:28
Sino-Czech Trade Grows	49:29
Accountants Office Counts in Beijing	49:29
Sino-Foreign Co-op in Fur Production	50:28
Soviet Union to Hold Exhibition in Beijing	50:28
Sino-Thai Business Links Grow Quickly	50:28
Liaoning Expands Co-op With E Europe	51:30
Mainland Sells More to Hong Kong	51:30
Foreign Businesses Represented in China	51:31
Coal Exports Increase	52:26
Flawed Imports Cause Concern	52:26
Beijing Jeeps Sell Well	52:27
China Builds Cargo Ship for Bangladesh	52:27

6. Economic System, Wage and Price Reform

Associations Ride Wave of Future	27: 4
'Father of Bombs' Back to Public	27: 8
Bankruptcy Law Under Discussion	27: 7
Promoting Tourism in Changjiang Delta	27:27
Zhao On Economic Reform	28:14
Changzhou's Urban Reform (IV): Strong Competitor But Good Partner	29:21
Reformers Merit Moral Support	30: 5
China To Change Farm Product Mix	32: 6
First Factory to Go Bankrupt	33: 5
Price Reform Essential to Growth	33:14
Rules on Contract Labour System	35: 8
Job Competition Advocated	35:27
Bankruptcy Law to Come Out	36: 4
First Bankruptcy Shocks China	36:25
Reform Now an Historical Trend	37: 6
Labour Reform: Making a Dint in the 'Iron Rice Bowl'	37:16
More Power to Factory Directors	37:26
Buttons Work Miracles in Wenzhou	42:14

Rural Changes Promote Urban Reform	43:20
Rand Corporations—Why Not in China?	43:30
Anyang: Contract System Benefits Workers and Enterprises	45:23
The Tujia People: A New Image	45:26
Survey Shows Workers Support Reforms	46:27
Financial Reform Escalates	47: 5
Capital Goods Mart: Child of the Reform	48: 6
Challenge: Having the Final Say	49: 6
Leasing—Answer to 'Big Pot' Losses	49: 8
Major Changes in China's Economy	49:15
Green Light for Trial Bankruptcy Law	50: 6
Farmers Prosper With Rural Reform	50: 8
On Leasing Businesses	51: 4
Review of Eight Years of Reform	51:14
Academic Discussion: Possibilities for China Ownership Reform	52:17

7. Environmental Protection

China Resources Starving Pandas	29: 9
Beijing Desert Threat Recedes	34: 8
No Need to Build a Temple in Natural Reserve	36:28
State Names New Nature Reserves	36:33
Making the Desert Bloom	50:19
Mayor Helps to Rescue Birds	50:27
3 Chinese Tiger Cubs Discovered	51:32
Beijing Faces Water Crisis	52:21

8. Others

Construction Bank Aids Housing	28: 7
Soft Drinks: Demand Outstrips Supply	32: 9
Commodity Production and Moral Life	32:28
Who Enjoys Subsidies? Who Pays?	32:28
Patent Work Off to Good Start	36: 9
China: A Summer of Rain and Floods	37: 8
Will China's Typhoon-Disasters Blow Over?	37:21
Beijing: From Industry to Services	41:31
Way Out for City's Rubbish Disposal	44: 9
Milk Price Goes Up in Beijing	44:11
Economic Survey: Heilongjiang Abolishes Rationing	47:23
Travel: Wudalianchi's Volcanoes and Springs	47:25
China Needs More Worker-Technicians	48:27
Diversified Tourism Attracts	50:23
Integrating Research With Production	50:26

III. CULTURE

1. General

Suzhou—'Venice of the East'	28:17
Library Work Needs Reform	28:27
Inertia Keeps Culture in a Rut	28:27
The 'Double Hundred' Policy: From a Rough Ride to a Smooth One	31:20
More Museums in Beijing	33:7
One View of the Study of Sociology	33:26
Ancient Cities Profile: Luoyang: The Old and the New	35:18
Cultural Exchange and Import of Culture	35:26
Audio and Video Companies Mushroom	40:30
World Conference on Lu Xun	43:9
Open Policy, Import of Culture	46:4
Jazz Swings Through the Open Door	47:30
30 Years Later: Still a Welcome	47:31
Glad Tidings From Beijing Zoo	48:32
Evening Newspapers in China	49:24
Sun's Handwriting Discovered	49:31
China Holds World Knowledge Contest	51:32

2. Art and Literature

Criticism: Key to Flourishing Culture	27:14
'Criticism Does Not Stop My Pen'	27:18
Pavarotti Entralls Chinese Audiences	28:31
Singers Awarded Pop and Folk Titles	29:32
Improving Image of Women in Literature	31:27
Film Actress Wins 1985's Top Award	31:34
Americans Catch Spirit of Beijing Opera	32:32
Classic Tome Computerized	32:33
A Look at Modern Chinese Sculpture	34:14
Central Philharmonic: Thirty Years of Development	34:24
China's First Ph. D. Conductor	34:24
Banowetz's Eighth Visit to China	34:25
Ancient Music Survives	35:30
US Opera Ambassadors Win Chinese Fans	36:32
China's Young and Promising Composers	37:23
Novel Extols 'Ordinary' People	37:30
'Black Cannon' Makes Its Move	37:31
107-Year-Old Philharmonic Society	38:30
Art Festival Delights Visitors	39:32
Porcelain Plate—New Musical Instru- ment	39:33
The Beauty of Sichuan Batik	40:32
China Adopts and Adapts Shakespeare	42:27
Li Keran: Blending Tradition and Inno- vation	42:32
China's Oil Painting Matures	44:33
Art Festival Encourages Trade	46:20

Literature: No Prize for China: Nobel's Loss?	47:21
China's 2nd Dance Competition a Success	48:30
Chinese Literary Criticism Flourishes	48:31
The Play 'Monk Dao Ji' to Be Shown In US	50:30
Pan Jinlian: An Opera of the Absurd	52:28
Hydroponic Experiment on Taihu Lake	52:28

3. Education

Vocational Education in Need of Renewal	29:4
China to Scrap Student Stipends	30:5
Lending a Hand to Rural Education	33:22
Adult Education Comes into Fashion	34:7
Back to Reality: A New Current of School Life	36:6
Educational Reform and Outdated Ideas	36:28
How Is China's Future Shaping Up?	38:28
More Freedom: Pros and Cons	40:6
Tibetan Students Trained Nationwide	47:9
Higher Education by the Year 2000	47:14
China Needs World-Class Universities	50:26

4. Science and Technology

Scientists Help With Modernization	27:5
Scientists Transform Tengger Dunes	28:31
Satellite Network Goes on Line	29:6
Nation in for Computer Craze	29:7
China Hosts Aerodynamics Conference	29:32
Deng Jiaxian: China's Father of A-Bomb	32:20
Geologists Discover Secrets of Tibet	34:25
Ecological Method Developed	37:31
Progress in Quakes Studies	40:33
New Satellite Returns to Earth	42:6
Theory Explaining Beached Whales	42:34
Technology Group to Boost Economy	44:10
Scientific Expeditions to Namjagbarwa Peak	49:30
Integrating Research With Production	50:26

5. Medicine and health

Therapy Brings Hope to Cancer Victims	27:32
Cold Storage for Human Semen	27:32
Value of Point Magnetic Therapy	38:31
Needed: A 'Life Bank'	41:32
Beijing Set to Eliminate Rats	51:7

6. Sports

A Team That Produces Champions	27:30
Ups and Downs of China's Badminton	28:33
Chess: The Secret of Longevity	29:34
Rural Factories Sponsor Sport	31:30
Mountaineering Heroine: 10 Years Later	32:27
China's Cyclists Go Into Top Gear	35:31
Chinese University Games	36:34
Minorities Sports Games Colourful	37:18
China's Soccer Roots in Dalian	37:32
Old Hands Hold Out While New Stars Radiate	38:32
The 10th Asian Games	40:4
Yan Breaks the Silence of the Pool	40:34
Successes at the Grand Asian Sports Games	41:26
Chinese Paddlers Take Their Revenge	43:29
Joint Expedition: A Test of Mettle	44:30
Hong Kong-Beijing Motor Rally	46:25
Beijing Golf Club Opens to Business	46:28
Wushu Bid for International Status	47:32
Coastal City Takes Up Angling	48:33
More Behind the Yangtze Expedition	49:32
Body-Building: Controversial Contest	50:32
Year-ender: World's Top Sports Events in 1986	52:30

7. Archaeology and Cultural Relics

Finds Shed More Light on Civilization	33:9
Major Find Adds to China's Culture	33:30
Terracotta African Unearthed in Xian	33:31

8. Books

Works of 'People's Educator' in Six Volumes	28:34
Collected Works of Chen Yun Published	29:30
Chinese Acrobatics Through the Ages	31:32
Professors Recounts History of Education	33:32
Ancient Book 'Tells All'	33:32
China's Cultural Impact on Europe	35:32
Chinese Encyclopaedia Britannica Completed	37:33
'China by the Year 2000' Completed	37:33
A Life Dedicated to a Dictionary	38:34
The Story of Bainqen Erdeni	45:32
Sun Yat-sen's 'Complete Works' Published	46:33
China City Planning Review	47:32
Foreign Trade in Ancient China	47:33
Book Explores Ancient Thought	47:33
'Complete Works of Marx and Engels' Published	48:34

Sweeping Veils of Mystery Aside	49:33
'Recollections of Sun Yat-sen's Life' Published	50:33
Ba Jin's Last Work Goes to Press	50:34
China: 1986 Statistics	50:34
Diary of the Long March	50:34
New Selection From Mao's Works	51:29
Army Encyclopaedia Comes Off Press	51:29

9. Others

Chinese Architecture Built on Firm Foundation	27:33
Flooding Still a Serious Problem	33:27

IV. SOCIAL

1. Trade Union

2. Youth

Methods of Finding Partners Changing	50:26
--------------------------------------	-------

3. Senior Citizens

Old People's Home for Foreign Residents	36:29
The Care of the Elderly Must Be Changed	44:31
Senior Citizens Gain New Life	48:9

4. Women and Children

'Little Suns' Need True Help	27:26
Miao Woman Pioneers Reform	38:26
Big Changes for Woman Workers	40:30
Women's Work, Society's Responsibility	49:18
Women's Lib: No Way to Control Men	49:26
Is Women's Lib Out-of-Date?	50:7
UNICEF's 40 Years in China Marked	51:6
Wives Need Husbands' Support	52:25

5. Population and Life

Family-Planning Policy Improves	28:4
Farmers Become Entrepreneurs	28:28
Tangshan: Reborn From Rubble	30:14
108 Million Now City Dwellers	31:27
Beijing Hit by Influx of Migrants	35:26
Ten Million Lifted Above Poverty Line	43:30
Population Policy for Minorities	48:15
A Family's Smallness Is Its Strength	48:19
Looking After the Old Is a Social Duty	48:26

6. Religion

Believers Pray for World Peace	28: 23
Rural Moslems: Prayer and Progress	33: 19
Religion: A New Understanding	33: 26

7. Others

New Fashions Beat Baggy Blue Look	30: 7
Qingdao Introduces Social Insurance System	40: 7
China Wakes Up to the Plight of Its Blind Children	42: 25
'Love Corner' Gone in Shanghai	46: 8

II INTERNATIONAL

I. GENERAL

The CPC's Relations With Other Parties	27: 22
OPEC: Measures to Stabilize Oil Prices	28: 8
Believers Pray for World Peace	28: 23
WCRP Holds Council Meeting in Beijing	28: 25
Zhao's Six-Nation Visit Is a Success	31: 4
Western Europe's Role in US-Soviet Rivalry	31: 12
Six-Nation Summit: Call for Peace and Disarmament	33: 10
Space: Monopoly Broken by Catastrophe	33: 10
Commonwealth Mini-Summit: Britain Isolated Over Sanctions	33: 13
OPEC: Interim Accord Raises Hope	34: 9
Cairo: South-South Co-operation Improves	35: 11
Harare: NAM in the Prime of Life	37: 10
Technical Barriers: A New Trend in Trade Protectionism	37: 12
Deng on Issues of world Interest	38: 4
GATT: New Round of Negotiations Under Way	40: 10
Stockholm Conference: East and West Move a Step Closer	41: 11
Two Systems: Long Coexistence	42: 7
IMF Meeting: Much Talk, Little Progress	42: 11
CMEA: Stress on Technological Co-operation	43: 10
OPEC: Bargaining Produces Compromise	44: 14
IAEA: 'We Must Have Nuclear Energy'	45: 13
Western Europe: US Reminded of Its Allies' Security	48: 10
OAS: New Efforts Towards Peace	48: 11
USA: An Unpopular Decision	50: 11
The Third World's Role in South-North Relations	50: 14

US and Soviet Responsibility for Disarmament	52: 16
--	--------

II. CHINA AND THE UNITED NATIONS

United Nations: Namibia Day Observed	36: 10
United Nations: Rallying Around Common Interests	38: 12
United Nations: UN General Assembly Meets	39: 10
Wu Xueqian's Speech at the UN General Assembly	40: 14
United Nations: Global Problems Debated	43: 10
UN General Assembly: Viet Nam, Hands off Kampuchea	44: 12
United Nations: Washington Under New Pressure	46: 12
UNICEF' 40 Years in China Marked	51: 6

III CHINA'S FOREIGN RELATIONS, COUNTRIES AND REGIONS

1 ASIA

ASEAN: Viet Nam Urged to Accept CGDK Proposal	27: 11
ASEAN: US Protectionism: Economic Woes	29: 11
Israel: Murder and Spying Rock the Cabinet	30: 12
Israel-Morocco: Peres Visit Rocks Arab World	31: 9
Middle East: Bush's Trip to 'Listen and Explore'	33: 12
China to Compete in Seoul Asian Games	35: 7
ASEAN: Fostering Closer Economic Ties	38: 15
The 10th Asian Games	40: 4
Successes at the Grand Asian Sports Games	41: 26
Israel: After the Change-Over	42: 12
Vice-Premier Tian Visits ASEAN	45: 8
The Middle East: Israeli-PLO Meeting Raises Hopes	47: 10
South Asia: Clearing Up Misunderstanding	48: 12
Egypt: Relations With Israel Deteriorate	52: 11
Afghanistan	
Battles and Talks Deadlocked	36: 11
Soviet Troop Pullout Only a Gesture	44: 12
Arab Yemen	
Steady All-round Growth Registered	41: 13

India		Aquino's Trip to the US Successful	41:10
On True Situation in Sumdorong Chu Valley Area on the Eastern Sector of the Sino-Indian Boundary	35:14	Progress During a Year of Upheaval	52:10
Pakistan-India: Setback to Neighbourly Relations	43:11	Sri Lanka	
The Soviet Union: Ties With India Strengthened	49:10	Progress in Defusing Ethnic Conflict	31:9
Iran		Syria	
Iran-Iraq: A Quick End to War in Doubt	31:11	Relations With Syria Severed	44:16
Iran and Iraq: Endless War?	40:12	Thailand	
Iraq		New Coalition Cabinet Formed	34:10
Iran-Iraq: A Quick End to War in Doubt	31:11	Turkey	
Iran-Iraq: Endless War?	40:12	Zhao Ends Balkan, Mediterranean Tour	31:6
Israel		Relations With US Soured?	41:10
USSR-Israel: Official Talks Suspended	35:12	Viet Nam	
Egypt-Israel: Summit Meeting Improves Relations	39:11	Playing The Same Old Tune	35:6
Japan		Real Obstacle to Asian Peace	40:10
Diet Election Gives LDP Sharp Lead	29:10	Viet Nam: War Brings Suffering to the People	47:13
The Lopsided Japan-US Economic Ties	32:23		
Cabinet Faces Tough Economic Task	33:11	2. AFRICA	
Education Minister Fired	38:12	Britain: S. African Sanctions: Yes or No?	28:10
New Trends in Its Relations With USSR	45:11	China Proposes Aid Plan for Africa	29:26
Nakasone: Whirlwind Visit To China	46:6	Drive Launched to Help Africa	31:6
High-Technology Development Plan	49:13	Addis Ababa: 22nd OAU Summit Concluded	32:11
Jordan		Bishop Tutu's Stay in China	34:5
Hussein Closes PLO Offices	29:12	South Africa: New Provocations Censured	34:9
Kampuchea		Blacks Struggle on in South Africa	38:16
Resistance Forces Gain More Support	35:10	South Africa: Pretoria Clings Obstinate-ly to Racism	44:15
China Reaffirms Kampuchea Policy	49:5	South Africa: Apartheid Hit by Disinvestments	47:12
Three Decisions Vital to Anti-Vietnamese War	52:14	Africa: Progress of Privatisation	50:12
Korea		Chad	
Li's Visit Cements Sino-Korean Friendship	41:6	National Reconciliation Near	48:13
South Korea: Seoul Accused of Spreading Rumour	48:10	Egypt	
Lebanon		Egypt-Israel: Summit Meeting Improves Relations	39:11
Bumpy Road to Reconciliation	43:12	Relations With Israel Deteriorate	52:11
Appeal for Camp Wars to Stop	51:11	Libya	
Pakistan		Why the Divorce From Fiat?	42:13
Call for Peace and Democracy	37:11	Morocco	
Pakistan-India: Setback to Neighbourly Relations	43:11	Israel-Morocco: Peres Visit Rocks Arab World	31:9
The Philippines		Mozambique	
Aquino's First Six Months in Power	36:11	Defending Legacy of Late President	45:11

Namibia
 United Nations: Namibia Day Observed 36: 10
 Wu Xueqian on Namibia Question 39: 6

Nigeria
 Breathing Space for Battered Economy 46: 11

Sudan
 The Civil War: a Merely Military Matter? 39: 12

Tunisia
 Zhao Ends Balkan, Mediterranean Tour 31: 6

3. LATIN AMERICA

Latin America: New Paths to Economic Recovery 39: 13

Argentina
 Britain's fishing Limit Demounced 47: 11

Brazil
 New Ways to Cope With Debt 43: 12

Chile
 Political Situation After the Ambush 41: 12

Honduras
 Nicaragua/Honduras: Border Clash Increases Tension 51: 10

Mexico
 Mexican President Visits Beijing 51: 8

Nicaragua
 China, Nicaragua: Working for Peace 38: 9
 Economic Woes to Be Overcome 38: 14
 Nicaragua/Honduras: Border Clash Increases Tension 51: 10

Nigeria
 Nigerian People Seek Road to Economic Recovery 51: 27

Peru
 Garcia Pursues Sound Foreign Policy 28: 11
 Debt Problem Cries for Co-operation 36: 12

Trinidad/Tobago
 Trinidad/Tobago: New Government With New Hope 52: 13

4. NORTH AMERICA

The United States
 US-Canada: Trade War Mounts in North America 27: 12

US-Soviet Union: Soviet Arms Proposal Weighed 28: 8
 Soviet-US: Superpower Summit: Murky Future 29: 10
 Steel Industry Struggles to Survive 32: 13
 The Lopsided Japan-US Economic ties 32: 23
 Middle East: Bush's Trip to 'Listen and Explore' 33: 12
 US-Australia: Allied Relations Weakened 34: 11
 USSR-US: Keep Talking on Nuclear Tests 35: 13
 Deng on Sino-Soviet, Sino-US Relation 37: 5
 Prospects for Superpower Arms Race 37: 14
 US-USSR: 'Spies' and Bilateral Relations 38: 13
 US-Soviet Union: Date Fixed for a Second Summit 40: 11
 Philippines: Aquino's Trip to the US Successful 41: 10
 Turkey: Relations With US Soured? 41: 10
 China's Scientists Vindicate Their Vocation 41: 14
 US-Soviet Summit: Disappointing Results After High Hopes 42: 10
 US-Soviet Relations: Twists and Turns After The Summit 45: 10
 Regional Conflicts Between Two Superpowers 45: 14
 Reagan Faces a New Trial 46: 10
 White House Deal Spotlited 47: 10
 South Africa: Apartheid Hit by disinvestments 47: 12
 'Star Wars' — Full Steam Ahead? 49: 11
 An Unpopular Decision 50: 11
 What Is Behind the Arms Sales to Iran? 51: 10

Canada

US-Canada: Trade War Mounts in North America 27: 12
 Mulroney Reshuffles Cabinet 30: 13

5. EUROPE

Europe: Rapid Advance For 'Eureka' 32: 12
 Chinese, E. European Parties Renew Ties 41: 7

Britain

S. African Sanctions: Yes or No? 28: 10
 Howe Returns Empty — Handed 30: 10
 Howe's Mission Ends in Failure 32: 11
 Queen Elizabeth II in China: New Chapter in Sino-British Relations 43: 14
 Chinese, English Students Working Together 43: 15
 Relations With Syria Severed 44: 16
 Argentina: Britain's Fishing Limit Denounced 47: 11

The Federal Republic of Germany			
Bonn-Moscow: No Breakthrough After Genscher's Trip	31: 10		
Unexpected Defeat for SPD	49: 12		
Finland			
Good Prospects for Sino-Finish Ties	39: 6		
France			
Mitterrand in Moscow: France Puts Accent on Independence	29: 13		
University Reform Bill Repealed	51: 13		
The German Democratic Republic			
Visit Marks a New Stage in Sino-GDR Relation	43: 5		
Honecker's China Visit Fruitful	44: 5		
Progress in Economic Development	44: 13		
Greece			
Premier Zhao Visits Greece and Spain	30: 9		
Iceland			
Peace—Keynote of Hermannsson's Visit	45: 6		
Italy			
Political Crisis Deepens	30: 10		
Craxi's China Visit Stresses Friendship	45: 6		
A Second Economic Miracle	50: 13		
Poland			
Sino-Polish Relations Improve	40: 8		
Press Communique on Jaruzelski's Visit to China	41: 30		
Internal Situation Picking Up	52: 12		
Romania			
Zhao Reaffirms Ties With Romania	28: 5		
The Soviet Union			
US-Soviet Union: Soviet Arms Proposal Weighed	28: 8		
Soviet-US: Superpower Summit: Murky Future	29: 10		
Mitterrand in Moscow: France Puts Accent on Independence	29: 13		
Bonn-Moscow: No Breakthrough After Genscher's Trip	31: 10		
USSR-Israel: Official Talks Suspended	35: 12		
USSR-US: Keep Talking on Nuclear Tests	35: 13		
Wellington: Soviet Offer Rebuffed	36: 13		
Deng on Sino-Soviet, Sino-US Relations	37: 5		
Prospects for Superpower Arms Race	37: 14		
US-USSR: 'Spies' and Bilateral Relations	38: 13		
US-Soviet Union: Date fixed for a Second Summit	40: 11		
US-Soviet Summit: Disappointing Results After High Hopes	42: 10		
Attitude Towards EEC Changes	42: 10		
Afghanistan: Soviet Troop Pullout Only a Gesture	44: 12		
US-Soviet Relations: Twists and Turns After the Summit	45: 10		
Japan: New Trends in its Relations With USSR	45: 11		
Regional Conflicts Between Two Superpowers	45: 14		
Trade With the West Expands	46: 12		
Ties With India Strengthened	49: 10		
Reforms in Full Swing	50: 10		
Spain			
Socialists Retain Majority in Election	27: 10		
Premier Zhao Visits Greece and Spain	30: 9		
Strengthening Latin American Ties	52: 12		
Yugoslavia			
Self-Management Aids Economy	27: 10		
Zhao On Economic Reform	28: 14		
Zhao Supports Non-Aligned Movement	29: 7		
6. OCEANIA			
New Caledonia: Dispute Over Independence	37: 12		
Australia			
US-Australia: Allied Relations Weakened	34: 11		
New Zealand			
Wellington: Soviet Offer Rebuffed	36: 13		

International Lantern Festival in Zigong

A 45-day international lantern fair will begin on January 15, 1987 in Zigong, an ancient city in Sichuan Province, southwest China. An economic and cultural sales exhibition will be held at the same time.

In addition to thousands of traditional colourful lanterns, the city also offers such objects of interest as fossilized dinosaurs; petrified trees including a ginkgo; an exhibition of the history of well-salt production; a statue of Tathagata Buddha (the biggest in China: 36.67 metres high and 12.67 metres across the shoulders); magnificent Buddhist temples and a Confucius

Temple packed with cultural relics; and Sichuan opera, a popular local opera. Zigong's distinctive batik and papercuts are famous both at home and abroad.

The trade fair and the economic talks to be held during the lantern fair will offer foreign visitors a wide choice of local goods and industrial and agricultural products for sale. Zigong is a medium-sized industrial city abundant with rock salt, natural gas and mineral resources. Its salt production, chemical and machine-building industries are the mainstay of its economy.

Possibilities for China's Ownership Reform

Shareholding, as a new kind of socialist public ownership, is not just an idea. It is spreading throughout China. Currently there are over 6,000 shareholding enterprises involving more than 6 billion yuan in investment. This article analyzes trends in ownership transformation in China's cities and offers some predictions about the future.

by Li Yining

The key link in China's current economic structural reform is invigorating enterprises. This takes in the questions of interest, responsibility, incentive and motivation, and here the key is changing the traditional public ownership with a new kind of public ownership.

The most valuable lesson one can draw from China's rural economic reforms is that the farmers' motivation comes from the reform of the ownership system: replacing the three-level ownership (commune, production brigade, and production team, with the last as the basic accounting unit) with the household contract responsibility system based on public ownership of land. This is a new kind of public ownership. This reform has enlivened the country's socialist

commodity economy because it has discovered a form that is suitable to China's present level of agricultural productive force.

The direction the urban reforms should take in the future can be determined from China's experience thus far. It seems to me that in the future the ownership reform in the cities will be focused on establishing more stockholding and co-operative enterprises. Few people now doubt the public nature of co-operative enterprises, but many people feel uncertain about the nature of stockholding enterprises. To my mind the post-reform stockholding enterprises are also a new kind of public ownership where groups of labourers are masters of the means of production. Moreover, instead of weakening the public economy, the shareholding system practised in enterprises has actually expanded the public economy since in real economic life it is not how much the public economy owns that is important but how much it

puts at its own disposal. The development of shareholding enterprises means the multiplication of funds in use.

Ownership After Reform

The reform of the ownership system should not be fixed and uniform. The ownership system after reform may include the following:

1) State-owned enterprises not involved in the shareholding system. They include existing banks, railways and telephone companies, post offices and other large, vital services. They will be managed as enterprises and the priority in reform should be to improve management and the responsibility system. However, newly established specialized banks and railways, and electricity and telecommunications companies may still be shareholding enterprises.

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responsibility in conventional armaments reduction." The possession of the largest and most advanced conventional arsenals by the two superpowers, coupled with the tension and confrontation between them, directly threatens world peace, and it is therefore necessary to urge the

United States and the Soviet Union to be the first to reduce conventional arsenals.

Ardently desiring peace and firmly opposing war, the Chinese people urgently need a peaceful and stable international environment in which to pursue their programme of socialist moderniz-

ation. China has always stood for the complete prohibition and total destruction of nuclear arms and has declared it will never be the first to use nuclear weapons, and will never use them against nuclear-free zones and non-nuclear-weapon states under any circumstances. ■

2) Existing small state-owned repair, catering and retail enterprises may be leased, contracted or sold to collectives. No small state-run enterprises should be established in these trades in the future.

3) Existing small state-owned factories will gradually be turned into co-operative factories and the people working there will become co-operative members. In the future no more similar enterprises should be established by the state.

4) The existing larger state-owned enterprises involved in less vital business will, in line with their own conditions, gradually become joint stock companies with limited liability. Newly founded larger enterprises in such fields should be shareholding enterprises, their stocks distributed by specialized banks or investment and trust companies. A board of directors should be established in each enterprise so that government administration will be separated from enterprise management. These enterprises should take full responsibility for their own profits and losses, state investment taking the form of share purchasing or long-term loans with interest.

5) All the existing and newly established Sino-foreign joint ventures will be shareholding enterprises with limited liability and establish their boards of directors in line with the shares of their investors.

After the completion of the ownership reform as just outlined, the number of completely state-owned enterprises will be vastly reduced. However, these key enterprises will still control the lifeline of the national economy. There will be many shareholding and co-operative enterprises. Some co-operatives may become partial shareholding enterprises as they attract investment from non-co-operative members. In addition, there may still be a number of individual enterprises which are necessary supplements to the

public economy.

This would be the basic ownership scene in the urban areas. In the rural areas, ownership and business will take the forms of household contract responsibility system, economic associations between households, and co-operative township enterprises. This suits the nature of China's economy and productive capacity and should serve for a long time to come.

Government Share Control

The participation of the socialist state in shareholding enterprises will work through the government holding the controlling shares. In theory, this should mean the government holding at least 51 percent of the shares; in fact, it need only hold one-third or two-fifths, sometimes even less. Of course not all shareholding enterprises need government involvement. Only the more important ones, vital to the national economy, need concern the government directly.

Where the government does hold the controlling share, its decision-making power should be carried out through its representatives on the board of directors. Since the government has investments in the enterprise, these directors represent the interest of the government as well as that of the enterprise.

With the introduction of the shareholding system, government administration will be separate from enterprise management, and enterprises, as independent commodity producers, will take full responsibility for their profits and losses and pay tax according to state law. The government will no longer interfere in the enterprises' management. The board of directors of each enterprise will oversee management, decide on its guiding principles and here the government will be able, through

its own representation on the board, to influence the decision making. A certain proportion of the enterprises' after-tax profits will be distributed to the shareholders, and the government will also receive its entitlement.

After the shareholding system is introduced, the director will assume full responsibility, and he will be responsible to the board of directors. The manager will be appointed by the board and empowered to guide the factory's production and personnel. He will be appointed, rewarded or discharged according to his performance.

Enterprise Share Control

Enterprises may make investments and buy shares in their own or other enterprises and retain any gains they make after paying their taxes. If an enterprise involves government investment, and some of its shares are owned by other enterprises, then the enterprise's board of directors should represent all the interests in proportion to their stakes.

Directors appointed by an enterprise to its own board of directors or sent to another enterprise will be elected by the workers' congress. Wherever they go these directors will represent the interest of their own enterprise.

Directors With No Share

Directors selected on the basis of shares held and those sent by the government and enterprises are called shareholding directors. Employees and individuals outside the enterprise can buy shares but given China's present circumstances these people are unlikely to become shareholding directors.

Therefore the board should include a few directors who hold fewer shares than the shareholding directors are required to. These non-shareholding directors will represent the interests of employees and small individual shareholders. They will give the shareholding directors feedback on grass-roots opinion. These non-shareholding directors may be workers' representatives, selected by trade unions; social representatives, sent by consumer groups, environmental societies or social security institutions; or specialists, selected from academic societies which have expertise in technology and management that are of concern to the enterprise. If most employees buy shares and their shares amount to a large percentage they can of course have a shareholding director.

Obviously the income of the shareholding workers will include wages, bonuses and dividends. The shareholding directors selected by the workers' congresses and the non-shareholding directors, selected by the trade unions will represent the interest of all the employees. They can influence the decisions of the board, oversee the board's work, and thus connect workers' interest with that of the enterprise.

Although the shares owned by the workers will constitute only a fraction of the total, they do form a link between their personal interest and the interest of the enterprise, still it is exaggerating to suggest the workers' enthusiasm can be fired just by the few shares they will each hold. The most important consequence of introducing a shareholding system is to make these larger enterprises compete with each other and take responsibility for their own performances. The shareholding enterprises will have to build up their own reputation, vie for a place in the market, adjust their management and motivate their workers. Some will fail and close down or be taken over. In a

socialist economy, mergers of enterprises means the reorganization of existing production elements. This will be a good thing

New as it is to China, shareholding seems to be very effective in combining divergent interests. Yet it has to be tried out on a small scale and a voluntary basis.

for the socialist economy, because all the enterprises concerned are public-economy entities of one kind or another.

Through shareholding, bigger companies—mainly large state-owned enterprises—will be able to build up groups and chains across geographical and professional boundaries. The management they will effect on subsidiaries through their shareholdings will be efficient rather than an irritating interference, and having shareholders will motivate all companies, big and small, to improve their performance.

Dual Economic Structure

As a result of ownership reform, China will have a two-tier ownership structure. On the one hand there will be several hundred big enterprises, controlling large groups with subsidiaries. They will form financial groups. These enterprises will decide the speed of China's industrialization and the orientation of technological development. They will have their own scientific and research facilities, and be able independently to draw up long-term development strategies. Their size will allow them to promote the most efficient co-ordination between producers and raw material suppliers. They

will speed up the development of remote and underdeveloped areas, and will also carry out business with foreign countries.

Then there will be several hundred thousand small enterprises including co-operatives, and individual enterprises with mixed ownership which will form networks of co-operation and at the same time compete with each other. These should absorb rural surplus labour and process farm and sideline products. They will raise farmers' income, develop small townships and improve the services in urban and rural areas. These enterprises will play an important role in developing the countryside.

On a Voluntary Basis

Shareholding is a very effective way of combining various interests, but it is new to China. It is necessary first to experiment with shareholding on a small scale before spreading it.

The small-scale trial should be carried out on a voluntary basis. After the leading body of an enterprise is made aware of the advantages of shareholding and the employees realize that their own interests coincide with shareholding enterprises, they will be willing to try it. They will then take the lead in introducing shareholding. It is possible that in the early stages there will be only a few, widely scattered enterprises willing to experiment with shareholding, and that only later will others follow suit, but throughout the principle of voluntary share floatations should be adhered to. Forced floatations will only end in failure.

These changes will obviously take time; but it seems safe to assume that today's bigger state-owned enterprises will eventually become shareholding enterprises, as the contract responsibility system has replaced the management by the production teams in the rural areas. ■

ECONOMIC SURVEY

China Boosts Its Energy Levels

by Zhong He

All the energy targets set in the Sixth Five-Year Plan (1981-85) have been exceeded. During the years of the Seventh Five-Year Plan (1986-90), the development of energy will be speeded up in order to provide sufficient power for economic development in the 1990s.

Electric Power. During the Sixth Five-Year Plan, China met the power generating target one year ahead of time. In 1985, the target for national output of electricity was 408.5 billion kwh. (fifth in the world); the target for building further electric generating facilities has also been overfulfilled, the nation's generating capacity was 20.42 million kw. and grew at an average annual rate of 5.5 percent. By the end of 1985, generators with a total capacity of 86.29 million kw. have gone into

operation. So China's power industry has entered a new stage of introducing large-scale units, extensive power grids and extra-high tension power transmission.

But electricity shortages are still very apparent. In order to meet the needs of economic and social development, China will speed up the development of its power industry during the Seventh Five-Year Plan. Power stations with a total capacity of 54.9 million kw. will be constructed during this period and the generators installed will have a total capacity of 34.4 million kw. producing an annual average of 7 million kwh. This represents a doubling of the average during the Sixth Five-Year Plan. The 1990 target for national output of electricity is 550 billion kwh., 142.7 billion kwh more than in 1985.

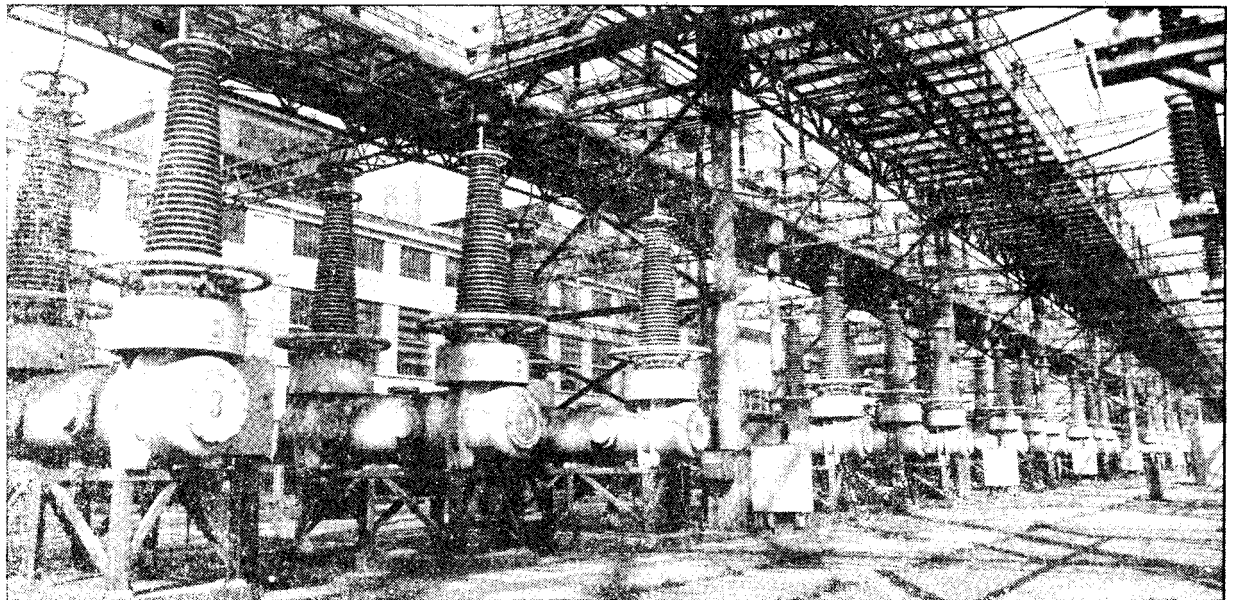
A number of thermal power plants will be built in the major coal-producing areas (Inner Mongolia, Shanxi, Heilongjiang and Guizhou), coastal areas and areas that consume a great deal of electricity. Several big hydroelectric power plants will be built along the upper reaches of the Huanghe River, the upper and middle reaches of the Changjiang River and its major tributaries, and the Hongshui River. Medium-sized hydroelectric power stations will also be built.

The first construction stage of the Qinshan nuclear power station will be built in Zhejiang Province, and construction of the Daya Bay nuclear power station in Guangdong Province will continue.

The state investment in the power industry will be raised gradually and the state's policies

Power transmission lines at the Douhe Power Plant in Tangshan. It was rebuilt after being badly damaged in the 1976 Tangshan earthquake.

FANG DEYUAN



Beijing Faces Water Crisis

by Huang Zhendong and Jiang Xiaohe

At the UN Water Resources Conference held in 1977 scientists warned the world of the looming water shortage.

Beijing is now one of the first cities to face this crisis, but the public's lack of awareness has hampered the efforts of the authorities and specialists in dealing with it. The water shortage is worsening unnecessarily.

Historical Causes

Many capital cities in the world are near water, but Beijing is located in a dry area with little precipitation and no major rivers.

Originally Beijing town was close to the Lugou Bridge (Marco Polo), on the Yongding River. But the river was dry most of the year, so the people moved their homes

further north (today's southwest suburbs) where the underground water sufficed for a small city.

After the 10th century, the city became an important strategic point. Emperor Hai Ling of the Jin Dynasty (1115-1234) established his capital in Beijing in 1153, and the city remained the capital from the Yuan Dynasty (1271-1368) to Qing Dynasty (1644-1911).

will support the development of power. The power departments are adopting various measures to meet and exceed the targets for the Seventh Five-Year Plan.

Coal. In China coal is 70 percent of energy sources. According to some experts, this proportion will not change before the next century. Of the verified national energy reserves, 90 percent is coal: over 770 billion tons. More than half the 2,000 counties and cities across the country have coal resources. Some of the larger coal producing areas are Inner Mongolia, Shanxi, Xinjiang and Guizhou.

In recent years, new reserves have been found, the prospects for developing coal are very bright.

In 1985, total coal output reached 800 million tons, making China the second largest producer in the world. During the years of the Sixth Five-Year Plan, some big and medium-sized coal mines were built, the newly verified coal reserves amounted to 110 billion tons, and the annual production capacity of local coal mines went up by an average of 34 million tons. By now 45 per cent of the state-run coal mines have become mechanized.

During the years of the Seventh Five-Year Plan, the targets for the coal industry will be as follows:

In 1990, total coal output is expected to reach 1 billion tons, or 200 million tons more than in 1985. That implies an average annual increase of 40 million tons. To realize this goal, the coal industry needs to overcome difficulties in extracting and transport and a shortage of funds. The government and the coal industry departments are attempting to solve the problems.

Recently, China negotiated with the World Bank and some countries and agreed that during the Seventh Five-Year Plan period, China's coal industry would use US\$ 2 billion in foreign investment.

Petroleum. China has found oil and natural gas in two-thirds of its provinces. Some 180 oilfields are now operating, Daqing, Shengli, Zhongyuan and Huabei being the biggest. Since 1976, the average annual output of crude oil in Daqing oilfield alone is over 50 million tons. This record amount can be kept up beyond 1990. Shengli oilfield is expected to become the second "Daqing" in the near future, its annual output of crude oil at present is 27 million

tons.

In the period of the Sixth Five-Year Plan, over 30 large oil and gas reserves were found, adding up to a verified 3.1 billion tons. At the same time, some high yield oil and gas fields were also located.

In recent years, China has developed off-shore exploration in co-operation with other countries and has found 23 oil and gas fields, which should prove the beginning for the development of continental-shelf oil.

In the period of the Seventh Five-Year Plan, priority will be given to prospecting for oil in order to meet the targets for oil and gas exploration and production.

In 1990, the total output of crude oil is expected to reach 150 million tons, an increase of 25 million tons over 1985. The planned output of natural gas is 15 billion cubic metres. The oil extracting capacity is to increase by 60 million tons and natural gas extracting capacity by 3 billion cubic metres. The oil reserves should increase by 7 billion tons and natural gas reserves by 800 billion cubic metres. Although these are very demanding targets, China is confident of fulfilling them. ■

The governors of every dynasty found the water lacking and devoted great efforts to looking for more. They had local people dig ditches, build reservoirs and improve the water systems in the suburbs. But no permanent solution was found to the water problem.

Recent Aggravation

After nationwide liberation in 1949, the Guanting and Miyun reservoirs were constructed and two canals were dug to lead the water from the Yongding River and the Miyun Reservoir to the city proper. In addition, a series of water conservancy projects were built. All these ensured a plentiful water supply and improved the city environment.

Not for long however, as the population burgeoned and agriculture and industry developed, especially in the areas near the upper reaches of the water sources.

Over the years, the city has gone all out to tap its water resources, including those underground. It has built 86 reservoirs and dug 40,000 water wells. However, as demand for water has outstripped the supply for many years the water level of all the reservoirs has plummeted, so has that of underground water. In recent years the city's running water supply has decreased at a rate of 5 percent a year, while demand increased by 7 percent.

Experts predict that after 1990 in a bad year Beijing will be 600-800 million cubic metres of water short. They say the rainfall in the city is not likely to increase, neither is it likely that new water sources will be found in the near future.

Changes in Approach

The water shortage in Beijing has a long history, but most people

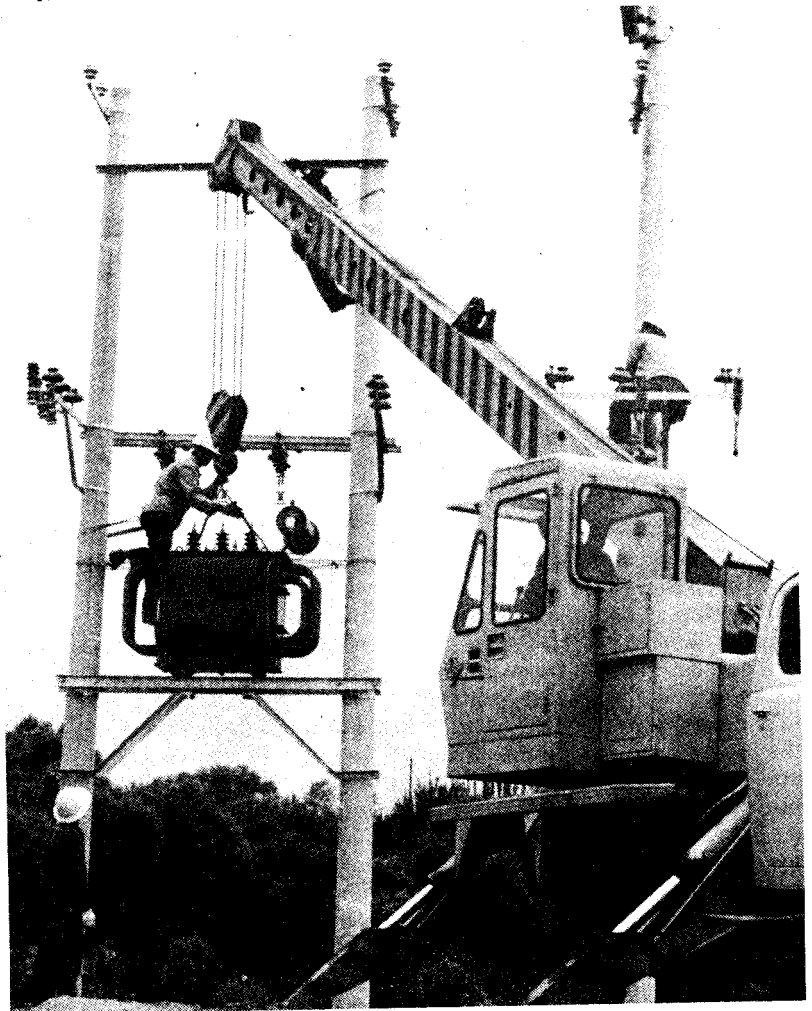
have discounted it. They worsen the situation with their carelessness. It is therefore necessary to change their views.

Water is a commodity. The fee for one ton of water used in industrial production is cheaper than an ice-lolly. A ton for household use costs several fen more, but is still cheap. Buying and installing water-saving equipment is more expensive than using the extra water. The Shoudu Iron and Steel Company is one of the city's leading water conservers, yet for each ton of steel it produces, it uses double the amount of water

the Shanghai Iron and Steel Company uses, and four times the amount its counterparts abroad would. Meanwhile the Beijing company only spends 0.4 percent of its production costs on water. The water used by the fancy hotels averages out two to three tons of water a day for each guest, but the water fee only accounts for 0.1 percent of what a guest pays.

During the move to turn the city from a consumer into a producer, people considered only the funds, the raw materials and technology, not water. As a result, the Shoudu Iron and Steel Company was built

One of Beijing's key projects during the Seventh Five-Year Plan period, a tap water factory, now under construction, is designed to supply 1 million tons every day.



in the western part of the city where water resources are poor. The Yanshan Petrochemical Industrial Company which needs more water than the steel company is also located in a dry mountainous area. In the last two years, the city has shipped out pig iron, rolled steel, coke, plastic goods and other products, representing 400 million tons of water. These enterprises have also generated serious pollution in the city. The Yanshan Petrochemical Industrial Company discharges 50 million tons of polluted water a year. About 74 percent is not treated and threatens over 6,600 hectares of farmland and 100,000 people in the area.

The local government has spent enormous amounts on looking for water for the heavy industries that demand it, and still more money and manpower are needed to sort out the pollution they cause. Lessons still seem not to have been learnt.

Practical Solutions

Experts are suggesting diverting water from the Luanhe, Huanghe (Yellow) and Changjiang (Yangtze) rivers to the city and building a new reservoir at Zhangfang. They also suggest using sea water where possible. All this needs funds, manpower and time. The most practical immediate action that can be taken is to save as much water as possible in industrial, agricultural and daily life.

The electrical, metallurgical and petrochemical enterprises in the city now consume a total of 400 million cubic metres of water a year. With proper conservation measures: sealed water-circulation systems in all the power plants, efficiency at the Shoudu Iron and Steel Company equivalent to the one in Shanghai, and some heightened concern in the petrochemical field, 150 million cubic

metres of water could be saved every year.

In agriculture the situation could be improved if dry-loving crops were planted, water conservancy projects built and water-saving irrigation technology introduced.

There is a lot of potential for saving water also in the home, and if the hotels and high-class residential districts were forbidden from washing with copious amounts of water, consumption would drop considerably.

Saving water ought to be seen as a necessary part of good citizenship. The authorities should take the availability of water supply as an important factor when reviewing industrial development and should look into water charges, if total disaster is to be averted.

(An abridged translation of an article from "Economic Daily," October 25, 1986)

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Autonomous Regions' Hefty Growth

"JINGJI RIBAO"

(Economic Daily)

With the rapid economic development in recent years, China's five minority autonomous regions have made big contributions to the country's prosperity. Increases in output have averaged 9.7 percent per annum over the past five years, totalling 80.1 billion yuan in 1985, 58.6 percent more than in 1980, allowing for inflation.

Occupying 63.4 percent of the country's total land mass, the five regions include Inner Mongolia, Xinjiang, Ningxia, Guangxi and Tibet. They are rich in natural resources. But their economies have developed very slowly, because of historical reasons and geographical conditions.

In recent years a number of Party and state leaders have been to the regions to make on-the-spot investigations. The state has also adopted a series of preferential policies and emergency measures to encourage ethnic minorities to develop their local economies. In the last three years alone the five autonomous regions have received

more than 12 billion yuan in financial subsidies from the central government and more than 1.2 billion yuan in bank loans. The state has also allocated large sums of money for special purposes.

In order to help these regions develop their industry, the number of enterprises undertaken by the inland provinces and cities to aid minority autonomous areas will increase year by year. Over 40 projects were completed during the Sixth Five-Year Plan period (1981-85) in Tibet with both financial and technological support from the central government.

The five autonomous regions are actively following the policy of invigorating the domestic economy while opening up to the outside world in accordance with their local conditions. In 1985 their combined industrial output was valued at 44.97 billion yuan, 70 percent more than that of 1980, representing an annual average increase of 11.3 percent over the past five years. Moreover, the output of major industrial products of the five regions met the Sixth Five-Year Plan's production targets ahead of time. Energy generated registered a 100 percent

increase. At the same time, the output of grain and cotton during the period of the Sixth Five-Year Plan was also an all-time high; the head of cattle and other big animals totalled 47.49 million in 1985, and that of pigs 49 million, 20.93 percent and 39.2 percent more over 1980 respectively.

Communications and transport have also improved over the past five years. The five regions have altogether more than 12,000 kilometres of railways. In addition, the resurfacing of the Qinghai-Tibet Highway and the completion of big state projects such as the Guyuan Baoshan Thermal Power Plant in Inner Mongolia, the Tongliao Power Plant, the Huolinhe Mining Area, the Ningxia Chemical Works, the Urumqi General Petrochemical Works and the Guangxi Dahua Hydroelectric Power Station have all greatly increased the potential of the five regions for economic development.

Living standards have improved rapidly along with the economy. Comparing 1985 with 1980, the total volume of retail trade has quadrupled. Salaries, wages and farmers' incomes have gone up by a big margin. Both country and city dwellers' bank savings have increased by about 300 percent. ■

Nepotism in Work Units Decried

"GUANGMING RIBAO"

(Guangming Daily)

Bai Jinxun, head of the Organization Department of the Shaanxi Provincial Party Committee, said that his department recently conducted an investigation in 10 counties. The results revealed that of the 114

county-level leaders surveyed, 42 of them work together with their children or relatives in the same unit, and of the 639 county department leaders, 251 of them have relatives in units under their control. "So," he said, "it has become very common for husbands and wives, parents and children, siblings, fathers-in-law, sons-in-law, other in-laws, and cousins to work in same units."

According to the survey, in the 10 counties the posts of county Party secretaries, county magistrates and chairmen of the Standing Committee of the County People's Congress are mainly occupied by natives or by people who have been working there for a long time. For example, in Zhouzhi County there are five county magistrates, three of them are natives; there are eight chairmen and vice-chairmen of the Standing Committee of the County People's Congress, six of whom are locally born; of 99 middle-level cadres, 96 of them

locals. This situation has created network of relationships with twisted roots and gnarled branches, which harms the development of normal political life and damages unity among cadres, said Bai. It also gives some people the opportunity to bend the law for benefit of relatives or friends, appoint people by favour, and form cliques to pursue selfish

interests.

Bai Jinxun also considered it inadvisable to place demobilized soldiers in workplace where they have relatives. They should be assigned jobs in accordance with social needs in their speciality, but appropriate preferential treatment should be given in view of their family life.

Wives Need Husbands' Support

"ZHONGGUO FUNU BAO"

(Chinese Women's News)

Difference are often found between what men expect women to be and what women expect themselves to be. The image of the ideal woman varies. A recent survey of 5,000 women and 5,000 men in Baicheng City, Jilin Province, in northeast China focused on this question.

Published in *Zhongguo Funu Bao*, the survey by the Baicheng Women's Federation revealed that today's women have higher expectations than their predecessors, but not many meet the standards men set for them.

On the subject of careers, the survey found three main attitudes:

1. About 2,400 women hope to advance in their careers. They feel that women, like men, have a right to enjoy the benefits of society as well as the duty to contribute to it.

2. More than 2,000 other women, 42 percent of the sample, said they were satisfied as long as they could cope with work they have. They are well-disciplined in their jobs, but resigned to not much advancement. Most of these are middle-aged or elderly people in poor health and with a great deal of housework to do.

3. More than 140 women,

about 2.8 percent, are passive about their jobs. Their goal is to have a loving husband, a comfortable home and a child. Most of them find it hard to be a good wife and a good worker at the same time.

As for family life, 1,105 women, about 22 percent, said they want to be both a good wife and mother in addition to being a qualified worker. They think a perfect woman should be able to handle all these roles. Another 5.7 percent expressed willingness to make sacrifices for their husbands and children. They felt that to be dutiful, conciliatory and considerate are basic qualities of a woman, and that it is a woman's duty to look after her family.

More than 1,400, about 28 percent, are economically independent and want to keep their independence in family life; 45 percent want their husbands to share the housework so that the couple can be really equal.

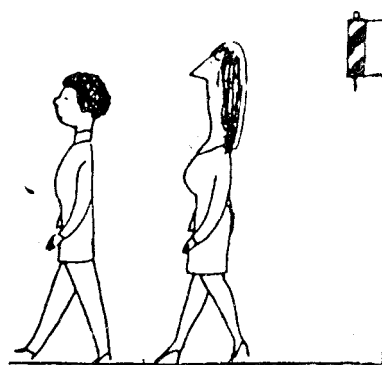
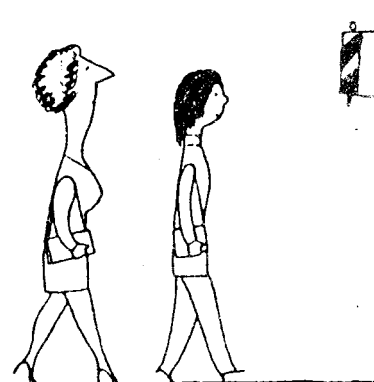
With most women now having jobs of their own, their economic reliance on their husbands is much less than in the old days. However, men's reliance on their wives to do household chores seems to be much the same as it was in the past when women stayed at home. Many women wrote that men should help in managing household affairs.

Of the 5,000 men surveyed, 83 percent said a good wife should be well-educated; 92 percent hope she can advance in her career; and 96 percent want her to be virtuous and dutiful. There are still some who believe taking care of her husband, children and elderly parents, while doing all the housework, is the sole responsibility of a woman.

It seems, the paper said, that while wanting their wives to be competent in their work, men seldom forget to mention the "natural duties" of women at home. And those who ask their wives to be virtuous and to make sacrifices for the family often ignore women's social value and responsibilities.

Zhongguo Funu Bao concluded that in order to achieve completely equal rights for women, the support of men and society as a whole is as important as women's own self-confidence.

Cartoon by FANG CHENG



Coal Exports Increase

China has joined the United States, Australia and South Africa in the competition to sell coal. China exported about 9.6 million tons of coal in 1986, 2 million tons more than in 1985. The figure is expected to go up by another 60 percent, to 16 million tons, in 1987. China has already received orders for 10 million tons for 1987, according to Shi Yucai, deputy general manager of China National Coal Import and Export Corporation.

The last few years saw a steady increase in China's coal production. China planned to produce 870 million tons in 1986 and 900 million tons in 1987. Before 1980 China only exported coal to a few countries. But now it ships coal to 15 places abroad, including Japan, Belgium, Holland, France, the Federal Republic of Germany and Hong Kong. Japan is the biggest importer of the Chinese coal. Latin America is a new market and imported 50,000 tons for the first time.

China has more than 20 coal mines producing coal for export, including Datong, Kailuan and Huibei. Thus far the uneven quality of coal and inadequate transportation facilities have limited its export.

To improve the quality of coal for export, China will earmark 328 million yuan in 1987 to the construction of coal-washing plants and improve its processing ability and update its equipment. During the Seventh Five-Year Plan period (1986-90) China will increase its coal-washing capacity by 100 million tons. In addition, China will perfect its quality-inspection system from the dressing, washing and testing to the transport in order to meet the requirement of foreign business.

At the same time China will concentrate on certain centres of coal for export, build ports for shipping coal out and improve the storage and transport facilities. For example, by the end of next

year, China will add more wagons to the freight trains running between Shanxi Province and Qinhuangdao Port and will ship 30 million tons more coal out of the province a year. ■

by Yao Jianguo

Flawed Imports Cause Concern

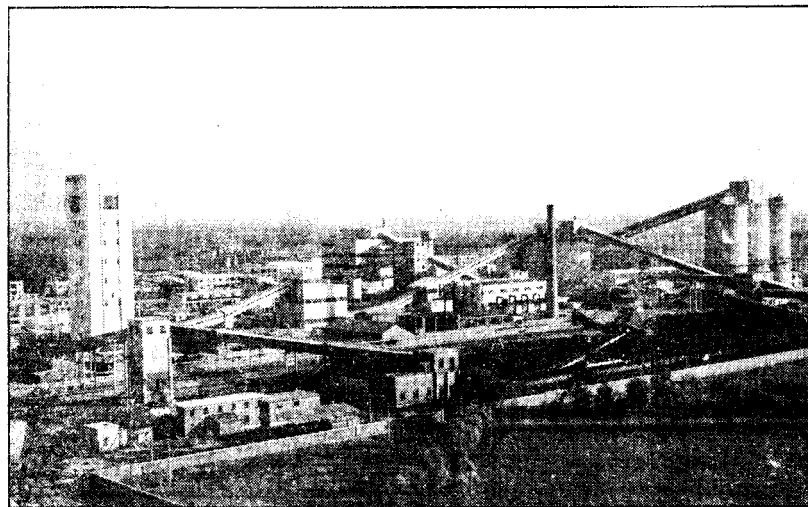
In the last few years, the poor quality of imported commodities has worried people in China. During the Sixth Five-Year Plan period (1981-85) China's Commodities Inspection Department examined 405,300 consignments of imported commodities and found 41,700 of them (10.3 percent) below the quality required by the contracts.

The most serious deficiency was cracks in the lorry body. Some foreign companies have delivered bad-quality and old goods instead of what had been ordered, bricks, stones and worn-out cloth had sometimes been received when polyamide fibre and welding rods had been expected. Although China received US\$500 million in compensation between 1981 and 1985 and another US\$90 million in the first half of this year, China still suffers as it sometimes misses the compensation application deadline because of the slow verification process at the inspection department or have missed out on compensation because of ambiguous contracts. An official from the field said, "In the days to come we will improve our supervision and management of imports, perfect and enact necessary rules and regulations, increase our number of staff and bring in new equipment in order to guarantee the quality of imported commodities."

He continued, "Attaching importance to the quality of imported commodities is to make our importing more efficient not change our policies of opening to

The Xinglong Zhuang Coal Dressing Plant in the Yanzhou Mining Area, Shandong Province, has an annual production capacity of 3 million tons of raw coal.

WU ZENGLIANG



the outside and importing advanced technology." ■

Beijing Jeeps Sell Well

The Beijing Jeep Co. Ltd., one of the biggest Sino-US joint ventures, has sent abroad its first 31 Beijing (Cherokee) jeeps. Twenty went to the Caribbean Sea area, 10 to the Far East area and one to American Motors. Although this is only a small beginning it reveals a good prospect of the jeep export.

The Cherokee is a modern product with parts and technology provided by the US company. Since going into operation in October 1985, the Beijing Jeep Co. Ltd. has turned out 1,500 jeeps. It sold well soon after it appeared on the domestic market. At the Chinese Export Commodities Fair held in autumn 1986 in Guangzhou, 156 jeeps were ordered by overseas Chinese and compatriots from Hong Kong and Macao. Another 150 jeeps were bought by foreign trading companies and offices in China. The company has sold all the 1,000 jeeps it produced and has received orders for all the jeeps it plans to produce next year. To meet the needs of the market

the company plans to import parts for more than the scheduled 3,992 jeeps before May 1988, and export 700 by the end of 1990.

Mr. Don St. Pierre, chief manager from the US company, said that the main reason for its export limitation is its price, not the technology and quality, and that the only way to lower the price is to start using local parts. At the moment the China-made parts account for only 9.1 percent of the jeeps, it should rise to 80 percent in 1990. By then, the costs will have reduced and the exports increased. ■

by Yao Jianguo

China Builds Cargo Ship for Bangladesh

China and the Bangladesh Shipping Corporation signed a contract in Dacca recently ordering a multi-purpose 16,500-ton-class cargo ship from China. This is the first ship Bangladesh has ever ordered from China.

The ship will be designed and built by the Guangzhou Shipyard. Most equipment will be produced by using advanced foreign technology, others will be imported

whole because China cannot produce them on time or to the required standard. The ship is expected to be delivered in July 1988 and will be of the British Lloyd's class. ■

Trade News in Brief

■ China will issue import-export licences to enterprises with partial foreign investment for their commodities in order to simplify the procedures. No licences are needed for machinery, motor vehicles, raw materials, fuel, spare parts, components, accessories or equipment sets (including restricted import items) imported under contract or for production required by contract.

■ China exported US\$1 billion worth of silk goods from January to November this year, a 20 percent increase over the same period last year. The export of pure silk fabrics increased by 26 percent and that of silk garments by 55 percent. The export of filature silk decreased a little.

■ China and the French Alsthom Company signed a contract in early December in Beijing to import two sets of 330,000-kw equipment for the Jiangyou Power Station in Sichuan Province which will go into operation in 1990.

■ China and Switzerland signed a contract on December 12 on establishing the Shuangcheng-Nest Co. Ltd. in northeast China's Heilongjiang Province to produce milk products. The joint venture has an investment of 47.5 million yuan, 60 percent from Switzerland and the rest 40 percent from China. The co-operation lasts 15 years.

Building the premises will start in 1987. The Chinese side provides raw materials and the Swiss side the production technology, patent right and trademark. The company is expected to produce 8,000-10,000 tons of milk products a year.

Beijing jeeps on their way to the market.

XUE CHAO



Pan Jinlian: An Opera of the Absurd

Anna Karenina in discussion with a contemporary Chinese movie star about their friend Pan Jinlian from the 12th century?

This is absurd, yet it is a scene from an opera, *Pan Jinlian*, staged recently in China. Originating in Sichuan opera, from China's southwest, *Pan Jinlian* has been adapted to Henan and other local operas.

The script is based on a story taken from the Chinese novel *Outlaws of the Marsh*, written in the 17th century. Born of a poor family, Pan Jinlian was married off to a dwarf because she had refused to become the concubine of a rich old man with a taste for women. She later fell in love with her brother-in-law, who not only rejected her, but also reproached her for not conforming to the feudal norm of being always content with the man one has married. Her naivete was subsequently taken advantage of by a playboy. For centuries, Pan Jinlian has been denounced as a dissolute and wanton woman.

The present script argues that Pan's tragedy is not her own fault, but that she is a victim of feudal society. By combining well-known characters from a variety of times and places, the opera involves the audience in questioning their own, perhaps still feudal, moral attitude to Pan Jinlian.

The opera opens with a conversation between the author of the novel, Shi Nai'an, and a character from a recent Chinese film—a newspaper reporter Lu Shasha who divorces her insane husband. Later Lu has a discussion in a street in ancient China with Anna Karenina, who says she wishes Pan could elope with her lover as she did. But Lu explains to Anna that Pan cannot do that because she lives at the end of the Northern Song Dynasty

(960-1127), a dark time for Chinese women.

There are about ten supporting characters not directly involved in the plot, but who comment on it among themselves according to their own ideas of love and their own experience in love. They come from different dynasties and countries, and include Wu Zetian, an empress of the Tang Dynasty (618-907); Jia Baoyu, the main character of the great novel *A Dream of Red Mansions* written in the 18th century; Anna Karenina, and other characters well known

An opera of the absurd, "Pan Jinlian," waxes philosophical as it shows how the leading role, Pan Jinlian, is seen by different persons of different historical periods and countries. It is quite a big hit when it is shown in some big cities.

to Chinese people. Some of these peripheral characters sympathize with Pan, others criticize her, each according to the moral code of their time. Their commentary provides continuity to the performance, which is not divided in the traditional way into scenes and acts.

The props are few and simple: a table, a few chairs and four pieces of squareboard with paintings or large Chinese characters on them, carried around by those playing the supporting roles.

Although the opera incorporates melodies with modern musical instrument, the overall

style is still that of traditional opera.

"I think the opera is the most exciting one put on here in the past five years," said Zhang, an usher working at the Luoyang Shanghai Theatre, after he had seen the Henan opera *Pan Jinlian*. "I not only like the music and the acting, but also its contents. The play makes me realize that the prejudice against women in our society is deep-rooted. The arguments of the well-known characters on stage help the audience to judge what is right and what is wrong."

However, others had different opinions. Some thought it absurd to put so many characters from different dynasties together on stage.

Wei Minglun, who wrote the script of the Sichuan opera *Pan Jinlian*, described the opera as an experiment, and he himself was impressed with its theatrical effect. When it was staged in Zigong, Sichuan Province, the theatre was packed for each performance, with many left waiting outside the theatre hoping to get a returned ticket, or one from a ticket tout at an inflated price. Although some veteran theatre goers do not like innovations in traditional opera, they still tried to see the opera a second time. When it was shown in Chengdu, the provincial capital, Shanghai and Beijing, the story was the same.

Tian Xiaoyu, director of the Henan opera *Pan Jinlian*, told the reporter that it was the most popular production the Henan Opera Company had put on since 1980. They didn't expect it to run for over a month in one place.

"The audience's love for the opera *Pan Jinlian* makes us realize there is still a bright future for local opera in China," Tian added.

Li Huailin with Ling Qing

Hydroponic Experiment on Taihu Lake

Scientists of the Shanghai Plant Physiology Research Institute, with the help of the Nanjing Geology Research Institute, have succeeded in growing 30 types of soil crops on China's third largest fresh-water lake of Taihu. The project has been listed as a key one in the country's current five-year plan.

The new method of hydroponics involves planting seedlings into acrylic sacks filled with small polystyrene balls floating on the water.

In 1986, the scientists experimented with growing water spinach (*Ipomaea aquatica* Forsk) and rye grass (*Lolium Perenne* L) on 2 *mu* of sacks linked together.

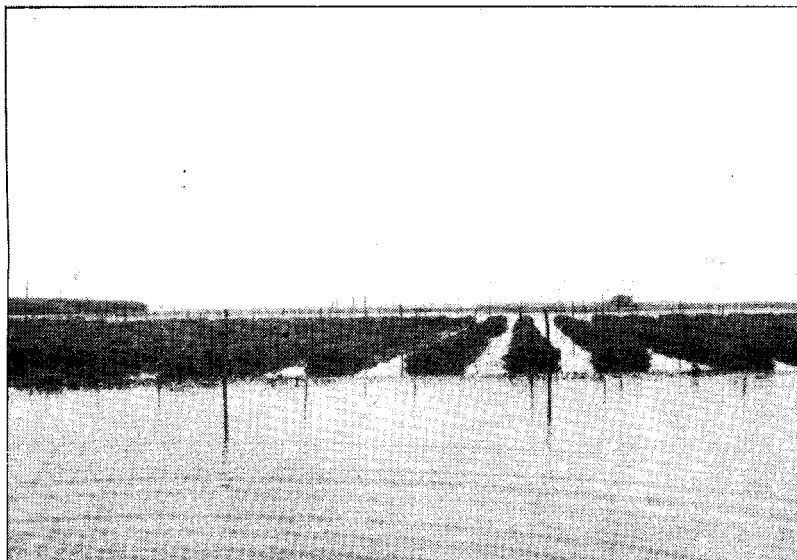
Good harvests were reported this year, the water spinach yielding 8,139 kilos per *mu*, 50 percent more than a control crop on land. The yield of rye grass was 5,718 kilos per *mu*. The hydroponic method requires less effort and costs less than conventional cultivation. For example, one *mu* of water spinach cultivated on water only requires 280 yuan of support materials and 30 yuan of fertilizers, but yields more than 5,000 kilos, which can bring in an income of RMB 1,500 yuan. It also opens a way to planting fish food on large tracts of water while raising fish at the same time, creating a cyclical ecological system.

The researchers have also been growing fruit, vegetables and cereal on a 0.5 *mu* hydroponic "field" since 1984. Plants are grown in a "floating frame" made of polystyrene, bamboo and plastic films, into which acrylic sacks are fixed. Their experiments show that strawberries, cucumbers, soya beans and sponge gourds planted in this way grow as well as those cultivated conventionally. According to the researchers this method of cultivation saves fertilizers but, of course, calls for more skill.

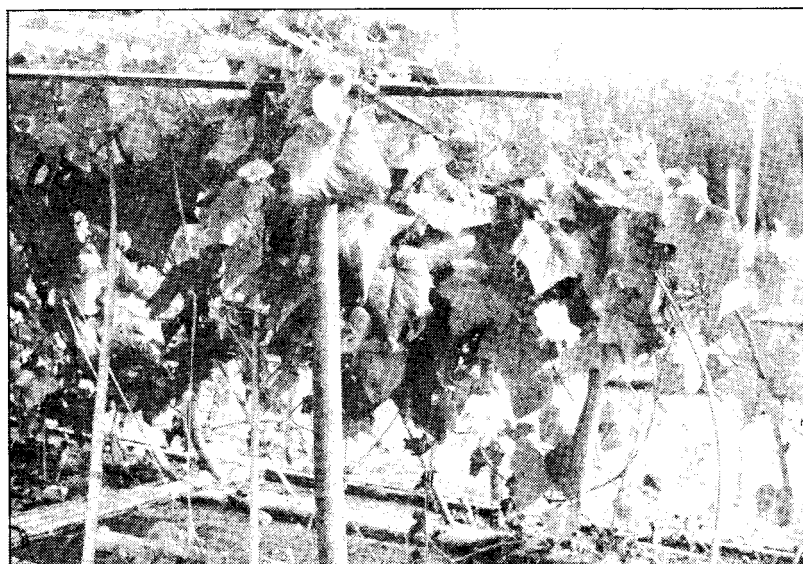
The main advantage of sack culture is that nutrients are more easily absorbed than in soil, with a rate of up to 70 percent. This is because the plants have a large amount of root immersed, inside and outside the sack. Planting into open water does not present the problems of solution aeration and water exchange that a hydroponic greenhouse has to cope with.

Fertilizers used in the water include superphosphate, urea and potassium chloride, to which are added some organic cake fertilizer.

Many experts believe the success of hydroponics on open water could make it possible to establish vegetable fields and orchards on the middle and lower reaches of the Yangtze River.



Shanghai scientists have successfully experimented with growing water spinach (*Ipomaea aquatica* Forsk) in acrylic sacks floating on water.



Sponge gourds (*Luffa Cylindrica* Roem), grown on floating frames from acrylic sacks beneath the water, can do as well as those cultivated conventionally.

Year-ender: World's Top Sports Events in 1986

Chosen by Xinhua News Agency's sports editors and writers, the 10 sports events follow in their chronological order:

■ January—World-famous American woman volleyball spiker Flora Hyman died of heart attack while playing in a Japanese league match.

■ January—The Eighth Paris-Dakar Motor Rally suffered from numerous accidents in which the rally founder and organizer Thierry Sabine and five other drivers were killed.

■ June—Argentina won the World Cup for the second time at the 13th World Cup football finals in Mexico, following its first in 1978, and captain Diego Maradona was elected the "best player" for his extraordinary skills displayed in the tournament.

■ July—The first Goodwill Games was held in Moscow, the capital of the Soviet Union, enabling athletes from the United States and the Soviet Union to meet for the first time after their respective boycotts of the 1980 and 1984 summer Olympic Games.

■ July—A total of 31 Commonwealth countries boycotted the 13th Commonwealth Games held in Edinburgh of Britain after the British government refused to apply economic sanctions against the apartheid regime of South Africa.

■ September—The Chinese women's volleyball team won the second consecutive victory at the World Women's Volleyball Championships in Czechoslovakia in September, having taken two world cups and one Olympic title. It was the first women's volleyball team that won five titles in succession at world major events.

■ September-December—The first "Earth Run" peace torch relay was held from September to

December. The relay passed through 81 main cities in 45 countries and regions, including New York where the relay started and ended. The aim of the peace torch relay was to collect donations for the United Nations International Children Fund.

■ October—Barcelona in Spain and Albertville in France were selected as the host cities for the 1992 Olympic Games and winter Olympic Games respectively at the 91st session of the International Olympic Committee held in Lausanne, Switzerland. The session also decided to change the winter games schedule after 1992, with the 17th to be held in

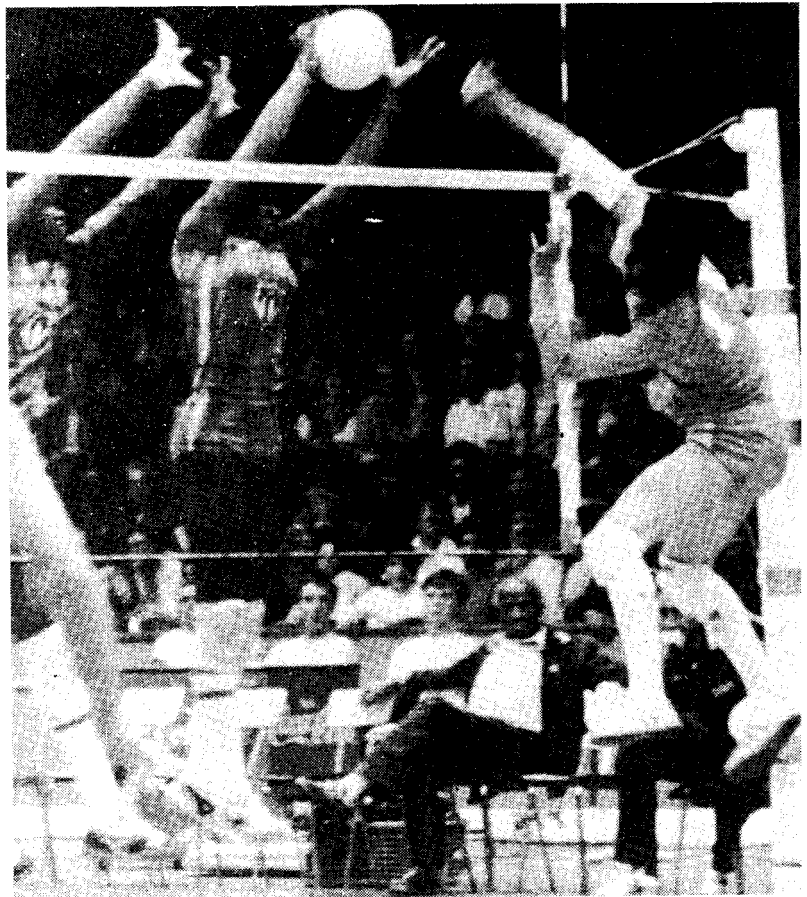
1994, the second calendar year after the summer games.

■ November—The Union of the International Modern Pentathlon and Winter Biathlon declared that 15 modern pentathlon players including the modern pentathlon world champion Anatoly Starostin of the Soviet Union would be banned for 30 months from worldwide competition because of the biggest drug scandal in sports history.

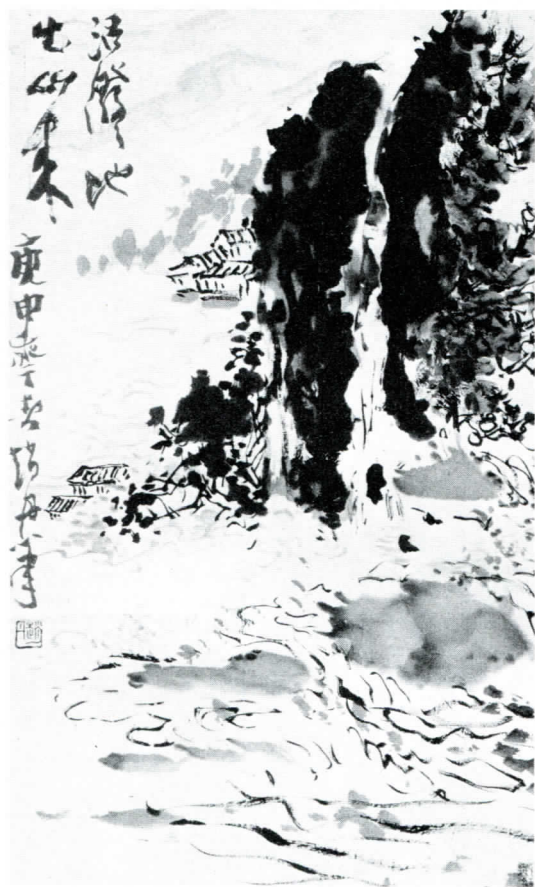
■ Bulgarian weightlifter Naim Suleimanov broke world records on seven occasions this year and became the holder of six world records in the 56kg and 60kg classes.

The Chinese Women's volleyball team won the 10th World Women's Volleyball Championship.

WANG JINGYING



ART PAGE



Landscape.

Pomegranate (detail).



Peony.

Traditional Chinese Paintings by Zhao Dan

Zhao Dan (1915-80) is not only a well-known film actor but also an outstanding painter and calligrapher. His traditional Chinese paintings are fresh and lively.

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