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South Africa Racism Under Fire



**ORPHANS FIND
MATERNAL LOVE**



Photography is a very popular hobby among Bai minority farmers.

Photo by Chen Haining

Farmers Cai Wanxiang and his wife painting outside their village with their child by their side.

Photo by Yang Fei





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COVER: Sun Meilin and her adopted children in front of their house at the SOS Children's Village in Tianjin.

XUE CHAO

HIGHLIGHTS OF THE WEEK



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A Breakthrough in Superconductivity

■ A group of scientists from the Institute of Physics has developed a new superconductor that achieves zero electrical resistance at the relatively high temperature of minus 170°C. The new finding could revolutionize the electronics, instruments, energy and transportation industries. (p. 5).

More Autonomy for Enterprises

■ Economic reforms focusing on more autonomy for enterprises will continue in 1987. Further efforts will be made to separate ownership of enterprises from management to facilitate the advancement of China's socialist commodity economy (p. 18).

Rural Women's Contributions

■ 150 million rural women in China are producing for sale. In some of the more developed areas, women create 60 percent of the value of commodities produced. At the same time, women are emancipating themselves (p. 24).

Apartheid, Tenacious Iniquity

■ In this critical review of the apartheid, Ge Ji, a prominent Chinese specialist, examines the roots and workings of apartheid and explains why "peaceful reform" cannot work (p. 14).

No Suppression of Intellectuals in China

■ China's struggle against bourgeois liberalization is directed only at a few trumpeters of capitalism, not intellectuals in general, says Notes From the Editors. While expulsion of Wang Ruowang, Fang Lizhi and Liu Binyan from the Party was necessary, they still enjoy all the lawful rights as other Chinese citizens do. This is evidenced by their assignment to proper jobs and their recent appearance at public events (p. 4).

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Are Intellectuals Being Suppressed?

by An Zhiguo

On February 28, physics professor Fang Lizhi, who was removed as vice-president of Hefei's China University of Science and Technology and expelled from the Party in early January, delivered a report on "The Progress of Modern Cosmology" at quadrennial meeting of the China Physics Society. The event has aroused widespread interest both at home and abroad.

One foreigner who recently arrived in Beijing said he has discovered that the situation in China is totally different from reports he had read abroad that China seemed to be launching another "cultural revolution" and that intellectuals would suffer again. He said he now considered his fears imaginary.

Chinese leaders have stated over and over again that the struggle against bourgeois liberalization is directed only at a handful of people who oppose the Communist-led socialist system and advocate capitalism, that it was absolutely not against intellectuals, that the struggle would be strictly limited to the Party, and that the policies of reform and openness would not change. Nevertheless, some Western media are still spreading their own speculations. One important reason is that some Western observers lack adequate understanding of China and often rely on preconceived ideas.

What is the reality? It is true that when the struggle against bourgeois liberalization began, many intellectuals felt it had come suddenly and some were rather puzzled. But as more facts have been published, especially after the Party's policies were announced, intellectuals in general reacted positively. Intellectuals on the mainland today do not feel constrained. They are working and living as usual and the

situation is stable. Over the last two months, only Wang Ruowang, Fang Lizhi and Liu Binyan have been criticized by name publicly and expelled from the Party because they persisted in trumpeting bourgeois liberalization.

No extreme policies have been adopted against these three persons. The Party and government hoped that they could correct their mistakes and have helped them to do so.

They have also been given an opportunity to bring their special skill into full play.

Fang Lizhi was transferred to Beijing from Hefei. He continues as a member of the Chinese Academy of Sciences and was recently made a research fellow of the Beijing Astronomical Observatory.

Guan Weiyan was discharged from his post as president of the university in Hefei because of his serious neglect of duty in remaining indifferent to Fang Lizhi's advocacy of "complete Westernization" and in Fang's instigating student unrest on the campus. He too is now in Beijing, where he continues as a member of the Chinese Academy of Sciences and as Vice-chairman of the Academic Committee of the Physics Research Institute. He is now engaged in low-temperature physics research work, including research on a new superconductor. He attended a recent press conference on this breakthrough and has been interviewed by the press about it. As vice-chairman of the academic committee, Guan is also taking part in the institute's triennial assessment and readjustment of research topics. He is also serving as tutor to two doctoral graduate students.

Two writers who were expelled from the Party in January, Wang Ruowang and Liu Binyan,

recently appeared at the Spring Festival and Lantern Festival get-togethers of literary and artistic circles in Shanghai and Beijing, although newspapers are still publishing articles criticizing them.

In the history of the Chinese Communist Party, there have indeed been instances of "ruthless struggles and merciless blows" aimed at those seen as having committed errors. There were also cases in which intellectuals were attacked and persecuted by the gang of four and other bad elements and as a result of the "left" mistakes. These historical lessons have taught people not to repeat such stupidity. Since the Third Plenary Session of the 11th Party Central Committee at the end of 1978, the status of intellectuals has changed and they have been publicly acknowledged as part of the working class.

To ensure the purity of the Party organizations and enforce strict Party discipline, it is necessary to expel a few individuals who are Party members but oppose its leadership, programme and line. However, these individuals still enjoy all the lawful rights of Chinese citizens. The adoption of such appropriate policies towards those who have committed serious mistakes precisely demonstrates the Chinese Communist Party's strength, confidence and political maturity.

The struggle against bourgeois liberalization will not affect the Party's policy towards intellectuals or its policy of respecting knowledge and talented people. The policy of "letting a hundred flowers bloom and a hundred schools of thought contend" will not change. Different academic and artistic views will be settled by normal methods of discussion, criticism and counter-criticism and by abiding by the provisions of China's Constitution.

Breakthrough in Superconductivity

Researchers at the Institute of Physics under the Chinese Academy of Sciences have developed a new superconductor that achieves zero electrical resistance at temperatures higher than were ever before possible. Guan Weiyuan, a noted Chinese scientist in this field, announced the finding on February 24.

A superconductor is a material which has, until now, achieved the property of zero electrical resistance only at temperatures near absolute zero (minus 273 degrees Centigrade). At this low temperature, no friction or magnetic field can exist inside the material.

The new conductor, known as high critical temperature superconductor, would work at the relatively high temperature of minus 170 C. The scientists found that nitrogen, which becomes liquid at minus 147 C, would cool the conductor—barium-based oxides made of barium, yttrium and copper—enough to achieve superconductivity.

“Since the Dutch scientist Kamerlingh Onnes first discovered superconductivity in 1911, scientists worldwide have sought superconductors that would work at temperatures where coolant could be a cheaper and more easily acquired liquid,” said Guan.

Research on superconductors started in the institute 30 years ago. Last month a group of 13 researchers headed by Zhao Zhongxian and Chen Liquan discovered the new superconductor.

Guan said that the superconductors can be used in conducting consumers' electricity because they reduce resistance in power lines. Such resistance currently wastes up to 60 percent of the power. They expect the



Yang Fei

Researchers Zhao Zhongxian (left) and Chen Liquan test the new superconductor.

findings to revolutionize the electronics, instruments, energy and transportation industries.

Han Jianguo, an official of the Chinese Academy of Sciences, explained the economic significance of the discovery. He said, “Because of the importance of the superconducting materials, people try to achieve this kind of materials in an economic way. Until now most scientists use liquid helium to cool the material to achieve superconductivity. But helium is very expensive and very rare. Only in very few places in the world can people obtain this kind of elements. If we can achieve superconductivity at liquid nitrogen temperature, that means we have found a very rich source. Even in the air there is plenty of nitrogen. Nitrogen is also easy to produce.”

At present, there are still many basic and technological problems to be solved, and still quite a distance to go to its real application, he added.

On the afternoon of February 25, Party and state leaders Hu Qili, Fang Yi and Song Jian went to the institute and called on the 13 researchers to congratulate them for making outstanding contributions in this field. ■

Investment Control To Be Tightened

Controlling excessive capital investment remains an urgent task if China is to achieve steady and balanced economic development, according to a recent State Statistical Bureau report.

The report said state-owned enterprises are now involved in 160,000 capital construction and technical upgrading projects, which will require 350 billion yuan (US\$98.5 billion) to complete. This is about 45 percent of the total amount allocated for capital construction and technical upgrading in the Seventh Five-Year Plan (1986-90).

The report said that even if no new projects are undertaken, it will take at least two years to complete those now underway. It added that many of these projects are undertaken in disregard of state planning guidelines, which are intended to promote a coordinated, overall economic growth.

Efforts to control capital expenditure increases in 1986 resulted in a clear drop compared to 1985, but the rate is still outstripping the growth rates for energy and raw material industries, national income and the gross national product, one bureau official said. This imbalance makes it difficult for the state to co-ordinate different sectors of the economy, he added.

He said China would adopt economic and administrative measures to limit such projects and to channel funds into more urgent key construction projects.

Meanwhile, the state has called on enterprises to try to cut costs and use less raw material by improving product quality and recycling resources.

In a front-page commentary on February 17, the *Economic Daily* said, "We cannot just consider output value, quantity and rates of production, while neglecting economic results and product quality when talking about increasing production and income. Without concern for quality, the more you produce, the more you waste."

The paper said quality control is even more important for products intended for export if China is to be competitive in international markets.

The paper quoted a State Economic Commission official as saying that "recycling must be put into practice," because China's industries and enterprises waste 25 billion yuan (US\$6.8 billion) a year in usable resources.

For example, he said, China's papermaking industry consumes 1 million tons of soda a year, but recovers less than 30 percent. "If the recovery rate were to reach 80 percent, China could recycle 500,000 tons of soda and save US\$100 million each year," he said.

Renmin Ribao commented on February 23 that the present campaign to put brakes on investment was necessary to ensure consistent, steady economic development as well as to set the stage for further economic growth in the 1990s.

Democracy Stressed in General Election

Local elections are now under way in Beijing. New people's congresses at the district and county levels will be in place by the end of June this year, said Xu

Cailian, an official of the election office of Beijing's Haidian District.

People's congresses are the most fundamental organs of power in China. China's Constitution guarantees citizens the right to exercise their power as masters of the state through the National People's Congress and local people's congresses, which approve the leadership and supervise the work of all administrative, judicial, and procuratorial organs.

Electing deputies to the grassroots people's congresses at regular intervals is an important measure to ensure the people exercise their rights to manage the state affairs. "We regard the election process as an important way to develop the country's socialist democracy," Xu said.

In the spirit of China's Constitution, Electoral Law and Organic Law, Xu said, deputies of people's congresses are elected directly by the voters. Candidates can be nominated by various political parties, people's organizations, or by a group of more than 10 voters. Those who want to be candidates can get themselves nominated if they win the support of at least 10 voters.

Voters cast their ballots in Beijing's Xicheng District.

Xu Xiangjun



To ensure full democracy in the general election of this year, efforts will be made to strictly implement the stipulations in the Constitution and Electoral Law. For instance, measures will be taken against leading cadres or higher authorities appointing candidates or forcing the electorate to vote for the candidates they nominate. People who are nominated by voters must, by law, be listed as candidates. Those who are nominated by political parties or mass organizations cannot be listed as final candidates until they have received nomination by a majority of the electorate. This year, distribution of deputies' positions among nationalities, sexes and professions will not be assigned by higher authorities as they have been in the past.

Electoral commissions usually introduce the candidates to the electorate, and when necessary, candidates meet with voters in their constituencies and answer questions raised by them.

According to the Electoral Law amended and passed on December 2, 1986 at the 18th session of the Standing Committee of the Sixth National People's Congress, the number of candidates should be one third more than or twice as many as the number of positions available.

This year, people's congresses at all levels will reduce the number of their deputies for the purpose of simplification and efficiency. There will be 350 deputies in Haidian District, 95 less than in the last people's congress of the district, said Xu Cailian. The district has an electoral population of 1.24 million.

Voters should strive to elect quality deputies, Xu said, in order to make the people's congresses real organs of state power. She said that knowledge and age are important factors to consider, as well as demonstrated capability in public activity and participation in government and political affairs. Deputies to people's congresses are not merely posts of pure

honour.

"People's deputies are public servants of the people," said Wu Shousong, a deputy of the seventh and eighth people's congress of Beijing's Xicheng District and an employee of the Foreign Languages Press. "We get nothing from the post. We don't get a single cent of subsidy from the state. We just work for the people voluntarily."

People's deputies act as a bridge between people and the congresses, Wu said. They should maintain close link with the masses, reflect their opinions and demands and represent their will. In the past six years, Wu managed to help some people in his district get better housing. "I don't have a lot of money or power," he said. "I do it only because I regard the difficulties of other people as my own."

Wu, 57, hopes that more young people will be elected as people's deputies. "They are full of vigour," he said. "They can do more things for the people."

by Wang Yanjuan

Credit Card Use Spreading in China

Customers have been enjoying more convenient and efficient banking and shopping service in China as credit cards make their way into the country's market.

The Beijing and Zhujiang (in Guangzhou) branches of the Bank of China began issuing Great Wall cards in Renminbi on February 1. Individuals with a minimum 1,000 yuan savings account, or enterprises that have a 5,000-yuan deposit can apply for such "Great Walls."

A version of the Great Wall card is already issued in foreign exchange. Hard currency holders can use them in Chinese airline ticket offices, hotels, restaurants and shops or obtain cash over bank counters.

First issued in June, 1986, the foreign exchange "Great Walls"

have proved to be a success. Up to last January, the Bank of China had earned 7 million yuan (US\$1.9 million) in foreign exchange from purchases made by "Great Wall" holders.

Many foreign cards popular in the world, such as American Express, Visa and Master cards, have been used by tourists in China since 1980. Now more than 200 bank branches and 1,000 agencies in 80 cities like Beijing, Shanghai, Guangzhou, Hangzhou, Dalian and Qingdao are providing credit card service.

Last year, purchases worth US\$110 million were made in foreign cards in the country, a 37-fold increase over 1983, according to a high ranking official of the Visa International Group. He estimated that the figure will mount to US\$200 million this year.

"As far as credit cards are concerned, China has been the fastest growing market," he said.

The soaring market has attracted more and more overseas card companies seeking new customers. China is expected to join in some of the international card groups in the near future, said Liu Yihua, manager of the International Department of the Bank of China.

"Foreigners are interested in our vast market, while we need their advanced technology and managerial know-how," Liu said. She added that bank officials are currently negotiating to import complete sets of equipment for three authorized service centres to handle credit card problems. The communication system covering the whole country's credit card related services, however, will require about US\$20 million and five years' time.

Credit card service has made it much easier for the estimated 20 million overseas travellers who come to China annually, as well as embassies, resident foreign offices, joint ventures and foreign residents, Liu said.

Meanwhile, the introduction of Renminbi cards and computers will eventually update the traditional methods of account settling in Chinese banks, which involves much circulating cash and causes trouble in counting, carrying and keeping currency. Credit has also helped improve the investment conditions for foreigners in China, she said.

"However, credit cards, like a lot of other newly emerging things, have had their teething troubles in development," Liu continued. "Many Chinese people are accustomed to using cash. Waving a card may not seem so credible to some of them." And the 2-4 percent commission the bank charges adds to the reluctance of some shops and hotels to accept the cards.

But things have been changing as China opens wider to the outside world, said Han Zhiyi, vice president of the Beijing branch of the Bank of China. Up to now, almost all the Sino-foreign joint ventures, as well as 150 state-run hotels, restaurants, especially arts and crafts shops in the capital, have been receiving cards—both foreign ones and "Great Walls" in foreign exchange.

Renminbi card service has been confined to company purchases and highly paid individuals. It seems not essential for most Chinese for the time being, Han said. Nevertheless, the news about its issuance caused immense curiosity. The capital branch received more than 200 phone calls asking about the application procedure on the day it was made available.

Although credit cards are just a new bud in China, some optimistic entrepreneurs have been showing their foresight by accepting it enthusiastically. As Mr. Rigger, general manager of the Holiday Inn, a posh hotel in the northeast suburbs of Beijing, says, "Today we pay some commission. Yet tomorrow we will be providing satisfactory and modern service."

by Wang Xin



CHEN ZHONGLE

Tibetan New Year Marked in Beijing

More than 1,400 Tibetans working or studying in Beijing gathered in the Central Institute for Nationalities on February 28, the eve of the Tibetan New Year. Vice-Chairmen of the National People's Congress Standing Committee Ngapoi Ngawang Jigme and Bainqen Erdini Qoigy Gyaincain attended the celebration and conveyed their new year greetings to all Tibetans living in various parts of the country and abroad.

Japan's Court Ruling Creates 'Two Chinas'

Chinese Vice-Foreign Minister Liu Shuqing handed a note of the Chinese Foreign Ministry to the Japanese embassy in Beijing making stern representations on the erroneous judgement of the Osaka Higher Court on a lawsuit concerning a Chinese-owned dor-

mitory building for Chinese students in Kyoto during an urgent meeting with Japanese Ambassador to China Yosuke Nakae in the evening of February 26.

The note said that the Osaka Higher Court's judgement on the Kokario lawsuit is politically wrong and legally untenable. It upholds the viewpoint of brazenly creating "two Chinas" contained

in the previous judgement. "This is an illegal act on the part of the Japanese authorities concerned in violation of the Sino-Japanese Joint Statement and the Sino-Japanese Peace and Friendship Treaty and in disregard of the norms of international law. The Chinese government expresses deep regret over this," the note said.

The note said that the Kokorio case is by no means an ordinary civil lawsuit, but an important issue of principle concerning whether or not the Japanese government really abides by the Sino-Japanese Joint Statement, the Sino-Japanese Peace and Friendship Treaty and the agreement between the two governments concerning the relations between Japan and Taiwan. The Japanese government has unshirkable responsibility for the grave political consequences arising from the Kokorio case.

"In view of maintaining Sino-Japanese friendship," the note added, "the Chinese government formally requests the Japanese government to approach this in all seriousness and adopt effective measures as soon as possible to deal with the matter in a reasonable and proper way, so as not to affect the friendly relations between the two countries."

The five-storey Guanghua Dormitory in Kyoto was bought with money belonging to the Chinese people after World War II and has become China's state property. Taiwanese authorities appealed to the Kyoto District Court in 1967 to evict the overseas Chinese residing there. In 1977 the Kyoto District Court rejected Taiwan's appeal and ruled that the dormitory belongs to the People's Republic of China.

That ruling was overturned last February after Taiwanese authorities appealed to the Osaka High Court in the name of "the Republic of China." ■

Weekly Chronicle (Feb. 23-March 1)

POLITICAL

February 24

■ Xinhua reports that state security organs in Fujian, Henan, Jiangsu, Gansu and Shaanxi recently uncovered an espionage operation and arrested two Taiwanese Kuomintang spies who tried to add fuel to the recent student demonstrations.

March 1

■ National committee members of the Chinese People's Political Consultative Conference begin week-long inspection tours in all parts of China to collect first-hand information for the fifth meeting of the conference's sixth national committee, scheduled later this month.

ECONOMIC

February 23

■ *Renmin Ribao* (People's Daily) reports that in 1986 the average Chinese farmer earned 424.5 yuan, up 26.45 yuan (6.7 percent) from 1985.

■ A meeting of the advisory group to the Ministry of Agriculture, Animal Husbandry and Fishery disclosed that in 1986 China produced 58 million tons of hybrid rice, Xinhua says.

February 25

■ An inauguration meeting is held in Beijing for the State Commission of the Machinery Industry. The new commission is a merger of the former Ministry of Machine-Building Industry and the Ministry of Ordnance.

CULTURAL

February 24

■ Chinese men's and women's table tennis teams trounced their Swedish and South Korean opponents 5-0 and 3-0 respectively to retain the Swaythling Cup and Corbillon Cup at the 39th World Table Tennis Championships.

SOCIAL

February 24

■ The overseas edition of *Renmin Ribao* reports that by the end of 1986 China had set up more than 14,500 people's courts at the township level, staffed by some 45,000 legal workers.

March 1

■ Some 50 million people in China have been issued ID cards, according to *Renmin Ribao*.

FOREIGN RELATIONS

February 23

■ CPC Central Committee Political Bureau Member Li Peng meets a delegation of the Belgian Socialist Party (French-speaking wing), led by its Chairman Guy Spitaels.

February 24

■ Chinese Premier Zhao Ziyang meets William Miller, director of the US Stanford Research Institute, and tells Miller that China's reform and open policy is irreversible.

February 25

■ A Chinese Foreign Ministry spokesman announces at a weekly press briefing that China and the Soviet Union have agreed to review their entire boundary line, starting with the eastern section. The recent Sino-Soviet boundary talks in Moscow proceeded in a serious and frank atmosphere, he says, and China hopes progress will be made through the joint efforts of both sides.

February 26

■ Senior Chinese leader Deng Xiaoping meets the visiting Thai Crown Prince Maha Vajiralongkorn.

February 27

■ China-US People's Friendship Association holds a reception to mark the 15th anniversary of the issuance of the Sino-US Shanghai Communique, which laid down the foundation for the establishment of diplomatic relations between the two countries.

PHILIPPINES

Corazon Aquino: 365 Days in Office

President Corazon Aquino joined her people in celebrating the four days that changed the Philippines, "an extraordinary revolution that earned the respect of the entire world."

On February 25, about 1 million Filipinos from all walks of life turned out in street to celebrate the first anniversary of the "February revolution" that toppled former Philippine President Ferdinand Marcos and swept President Corazon Aquino to power. Many of them wore yellow, a symbol of support for President Aquino, and carried her portrait.

In her address at a rally, Aquino called on the people to dedicate themselves to three main economic goals: alleviation of poverty, generation of employment, and equitable sharing of the fruits of economic development.

Political legitimacy of her government tops the list of achievements that President Aquino has made in her first year in power. The ratification of the 1986 constitution in the February 2 plebiscite has consolidated her rule, signalling the end of Aquino's "transitional government" and ushering in a constitutional one.

The president has led her people through a series of reforms aimed at throwing off the yoke of authoritarianism. She has abolished the Marcos-controlled National Assembly and replaced national and local government officials with those supporting her policy. She has successfully survived at least three military coups by Marcos followers and those of former Defense Minister Juan Ponce Enrile. Her government has reached a 60-day ceasefire agreement with the National Democratic Front headed by the Communist Party

of the Philippines, the first accord made between the Philippine government and the Communist Party during their 18-year armed struggle. In addition, the Aquino government's ceasefire agreement with the Moro National Liberation Front Army has marked a notable advance towards solving the problem of Southern Muslim groups who demand autonomy.

Economically, Corazon Aquino's government has managed a 0.13 percent growth in 1986, the first positive growth in the past three years. The government has also succeeded in maintaining a single digit inflation rate, keeping the peso strong and interest rates low.

In an attempt to obtain economic assistance as well as diplomatic support, the president has visited Indonesia, Singapore, the United States and Japan. These visits resulted in US\$500 million in economic aid or loans to the nation for 1986, although the

inflow of foreign investment is slow.

It is believed that among various unstable political factors, the most serious challenge to the Aquino government comes from the military. Only 60 percent of the 250,000-member armed forces voted for the new constitution during the plebiscite. Aquino has been aware of the necessity to hold talks with the forces, but military personnel are infuriated by the government's investigation into soldiers' violation of human rights. Those loyal to Marcos and Enrile are likely to continue to make trouble.

Philippines' national economy is sluggish, with the economic recovery lagging. The rate of chronic unemployment remains high, and demand for land reform among the rural population is surging. Economists believe that these problems, along with poverty and a foreign debt of US\$27 billion, will prove insurmountable unless the government adopts bold and effective measures.

Observers in Manila predict that the Aquino government will have to stand severe tests before it can fully fulfill its three promises—to achieve political stability, solve the insurgency problem and rebuild the economy.

by Zhai Shuyao

MIDDLE EAST

EEC Calls for International Conference

The European Economic Community has backed a proposal for a UN-sponsored international conference on the Middle East issue.

After meeting in Brussels on February 23, the foreign ministers of the European Economic Community (EEC) have called for an international conference, sponsored by the

United Nations, to discuss a peaceful solution to the Middle East issue.

In a post-meeting statement, the ministers stressed that such a conference should involve the

“interested parties as well as any party able to contribute directly and positively to peace and security in the region,” and should “provide a suitable framework for the necessary negotiations between the parties directly concerned.”

The 12 EEC countries said they would try their hardest to bring about the conference and called on all parties concerned to avoid any action that might worsen the situation and complicate the peace process.

Belgian Foreign Minister Leo Tindemans, president of the EEC Council of Ministers, told the press that it was the first time the government of all 12 EEC countries had expressed full support for such a conference. The ministers said it was “one of their basic objects to seek peace in the Middle and Near East,” and reiterated the principles set forth at the EEC’s June 1980 summit in Venice which acknowledged the Palestinians’ right to self-determination as well as Israel’s right to exist and to safeguard its security.

The United States, which along with Israel has opposed an international conference on the Middle East, now appears to have modified its stand. President Ronald Reagan has reportedly called on Israel to accept such a conference, saying, “any reasonable means, including an international conference, should be considered.”

Since the disclosure last November of secret US arms sales to Iran, US policy on the Middle East has been assailed by the Arab world. Even such moderates as Egypt, Jordan and Saudi Arabia, usually friendly to the United States, have accused it of having lost credibility in the Middle East. Egyptian President Hosni Mubarak and Jordan’s King Hussein respectively turned down the invitation by the Reagan administration to visit the United States in late February and March.

The Soviet Union, meanwhile, has been improving its ties with Egypt, Saudi Arabia, Iran and Iraq. This, some observers note, may mean further setbacks to US diplomacy in the Middle East.

Deeply worried about the development, the US government recently offered to sell arms to Saudi Arabia, Bahrain, Egypt and Jordan. So Washington’s recent request to Israel to co-ordinate the US-Israeli stand on the conference is seen as another political bow to Arab countries which have been backing such a conference. Middle East observers said the United States intends to recover its lost influence in the Middle East with a bold display of its pro-Arab stance.

However, the US overtures to the Arab countries have been strongly opposed by Israel, the US’s long-time partner in the Middle East. During his visit to Washington at mid-February, Israeli Prime Minister Yitzhak Shamir said in repeated statements that Israel rejected the idea of the proposed international conference.

He said after meeting with US Secretary of State George Shultz on February 17 that the conference was a “whim” of the Soviet Union and Arab extremists and could not bring peace to the Middle East.

After his meeting with Reagan on February 18, Shamir accused the Soviet Union of trying to put

Israel in “an untenable position” by having to face extreme Arab demands. He said that even if the Soviet Union were to restore diplomatic ties with Israel, Israel would still oppose any Soviet role in Middle East peace talks.

However, Israeli Foreign Minister Shimon Peres endorsed the idea of an international conference when he visited Egypt as prime minister last September, just one month before he swapped posts with Shamir. It has been reported that secret contacts have since taken place between Tel Aviv, Washington and some Arab capitals. But, many questions remain, including details of how the conference will convene and who will take part. During his February 25-26 visit to Egypt, Peres discussed those disputes with his Egyptian counterpart Esmat Abdel Meguid and President Mubarak, and they agreed on an international conference in 1987.

Some observers are speculating that the disagreements over the international conference within the Israeli leadership may trigger a breakup of the coalition between Shamir’s Likud bloc and Peres’ Labour Party and force an early general election for a new government.

Some others believe that although there is support for an international conference it seems too optimistic to expect it to be held this year.

by Chang Qing

THE GROUP OF SIX

Pledging to Stabilize Currency Market

The recent meeting of six Western leading industrial nations shows their common interests in stabilizing the foreign exchange market.

In a statement issued February 22 after a one-day meeting in Paris, finance ministers and central bankers from the United

States, Federal Republic of Germany, Japan, France, Britain and Canada pledged to “co-operate closely to foster the

stability of exchange rates around current levels." Italy, after being excluded from a preparatory meeting February 21, boycotted the meeting of the so-called Group of Seven, refusing to "rubberstamp" decisions made by the other nations.

Most of the trade frictions in the group centre on three members, the United States, West Germany, and Japan. For the past several years, the United States has been burdened by a huge internal budget deficit, which amounted to US\$220 billion last year, and an enormous foreign trade deficit, which registered a record US\$170 billion in 1986. West Germany and Japan, on the other hand, enjoyed trade surpluses of US\$62 billion and US\$83 billion respectively last year.

The United States has been trying to improve its situation by increasing exports to those two nations. It has demanded that West Germany and Japan spur economic growth and expand domestic demand to absorb more US goods, thus reducing the US trade deficit. To increase the competitiveness of US goods and to make German and Japanese exports more expensive, the United States has also allowed repeated devaluations of the dollar against the yen and major Western currencies. But this strategy has had only limited success. Although imports from Federal Germany and Japan are becoming more expensive, those from South Korea, Taiwan and Canada are not, because their currencies are linked with the dollar. Besides, an unlimited drop in the value of the dollar may risk inflation.

The instability of the dollar has caused great turbulence on international foreign exchange markets. West Germany and Japan have been the main victims of the 40 percent drop in value of the US dollar against their currencies in the last two years.

These problems cannot be solved by one nation acting independently and pose grave threats to international trade for deficit and surplus nations alike. Compromises must be made to protect common interests. At the meeting the United States promised to cut government spending from an estimated 3.9 percent of the gross national product in 1987 to 2.3 percent next year and to improve the competitiveness of its products. West Germany and Japan announced measures designed to stimulate domestic demand and to cut their huge trade surpluses. Specially, West Germany agreed to expand its tax-cut programme scheduled for 1988 and to pursue policies that foster "structural adjustment and innov-

ation." Japan has already cut its discount rate to 2.5 percent, the lowest since World War II, and is planning comprehensive tax reforms.

However, whether the US dollar will stay at its current level remains to be seen. At the meeting, the Group of Six did not agree on any concrete actions, so the reaction on currency market is likely to be more uncertain. In addition, Italy's boycott suggests that other conflicts are hidden under the surface. Most analysts believe the success of this meeting will depend on co-ordination among the members of the group, especially the United States, West Germany and Japan.

by Yang Yuanhua and Xu Yong

COCOM

Change Demanded to Meet New Needs

Given the changed international situation, Western countries are preparing to adjust their trade policies to supply the new demand.

In mid-February, the 48 Group, a consortium of 100 British companies doing business with China, urged their government to place China on equal footing with other countries friendly to Britain.

In two separate letters published in London's *Financial Times*, Roland Berger, senior consultant of the 48 Group, expressed displeasure over Britain's "anachronistic perception" of China as an unfriendly country falling in the category (on strategic exports embargo). He said that the group was willing to have China entirely removed from a list of countries being prevented from receiving the West's goods and technology. The list comes from Co-ordinating Committee for Export Control (COCOM), a Paris-based Western strategic exports embargo organization. Berger said, "The time has come

to stop trying to bend and adjust the COCOM regulations to meet the totally different situation of China."

Berger's opinion reinforced a proposal by US Commerce Secretary Malcolm Baldrige days ago, which would streamline licensing procedures, speed up the process for export license applications and ease trade regulations with Western Europe, Japan and China. But Baldrige's suggestion met with a cry from the Pentagon, warning that winning trade wars will come at the expense of national security.

National security, as well as the "common security" of Western world, was the reason the United States sponsored the COCOM in late 1949. The United States was being alarmed by so-called communist influences in the world and thrown into turmoil when Senator

Joseph McCarthy of Wisconsin alleged there were a great many communist party members active within the United States, even in its State Department.

Over the years, 15 countries, mostly the NATO members, have joined COCOM, in which a special committee handles trade policy specifically towards China. Of top importance in COCOM's work is a list of embargoed countries and goods, defining the measures of embargo, strengthening controls on transit trade and formulating exception procedures.

Before 1958, China was number-one on COCOM's embargo list. But under the pressure from many COCOM members, the committee relaxed special quotas on exports to China. In 1979, COCOM further relaxed the sanctions after the normalization of Sino-US relations. According to some British sources, COCOM agreed, in a new rule which went into effect last February, to relax control over high-technology export licenses on 27 embargoed items.

Many businessmen feel that in the wake of broadening East-West relations, COCOM is nothing more than an encumbrance for its own members. Tired of wasting time quarrelling within the committee, some of the members ignore COCOM's rules or use the "exception procedure" to break them. One of COCOM's officials once grumbled that countries violate COCOM's rules more than adhere to them.

Western businessmen from COCOM countries have urged the committee to drop its restriction on their exports. They say these rules not only restrict their purchasing contracts, but interfere with the sovereignty of their government's foreign trade.

Though Baldrige's proposal was put forward as a way to reduce the US\$170 billion trade deficit, it is a good indication that the United States and its Western allies have noticed that after eight

years of normalization of US-China relations, ideological differences seem less important now

as the prospect of increased trade with China beckons.

by Xin Di

BRAZIL

Suspension of Interest Payments

Brazil recently announced that it would suspend indefinitely interest payments on its massive debt. Leading industrial countries must develop new methods of handling debtor nations.

The Brazilian government announced on February 20 that it would suspend indefinitely interest payments on the US\$67 billion it owes to commercial banks in long-term loans. The world was shocked by the move, which some countries praised and some criticized. However, if Brazil is to maintain its economic advances, the suspension of the interest payments is its only practical choice.

Brazil's general economic situation has been healthy during the past two years. The gross national product increased by 8.3 percent in 1985 and 7.7 percent last year. Brazil is the only Latin American country developing at this rate, and the increased export has helped raise funds to repay its debt. Significantly, Brazil did not borrow new money in the past two years to retire the old debt.

As a result of the slump of raw material prices, the reduction of its foreign trade surplus, and the continued high interest rate on foreign debt, however, Brazil's ability to repay actually decreased. Foreign trade surplus dropped steeply from US\$12.7 billion in 1985 down to US\$9.7 billion in 1986. This year its foreign trade surplus is estimated to be less than US\$7 billion while foreign debt shows no sign of slacking off. In the past year, Brazil's foreign exchange reserve slid from US\$7 billion to US\$3.9 billion. Brazil cannot sacrifice its little remaining exchange reserve to repay its debt.

Faced with such dire conditions, Brazil's only recourse was to suspend interest payments.

Developing countries generally welcomed Brazil's decision as they are facing similar problems. Leaders of some Latin American countries such as Mexico, Argentina, Uruguay, Peru, Venezuela, Cuba and Nicaragua hold that Brazil's decision is fair, reasonable and significant. But an Agencia Efe editorial pointed out that Brazil's decision is a warning signal. If all developing nations follow suit, the article said, the world will be in the most serious financial crisis in history.

There has been no sign that tensions between creditor and debtor nations are intensifying. And Brazil's leaders are not seeking a confrontation with lender countries. Observers have noticed that Brazil made the decision in the midst of preparing to negotiate with its creditors. Its aim is apparently to strengthen its position in the forthcoming negotiations. In recent years, Brazil has put forward a series of proposals seeking a solution to the debt problem. It hopes that its interest payment on foreign debt each year does not surpass 2.5 percent of its gross domestic product and insists on a rescheduling of its debt to guarantee economic development. It also demands moratorium on all foreign debt repayment and reduction of the risk interest rate.

by Yao Chuntao

Apartheid — An Outstanding Issue in World Politics

by Ge Ji

The recent developments in South Africa have aroused increasing concern in the world. The South African authorities' obstinate clinging to the policy of apartheid, and their illegal occupation of Namibia and aggression against other neighbouring countries have made this region a flashpoint threatening world peace. Meanwhile, the superpowers have not refrained from meddling.

Apartheid Policy

South Africa is the only country in the world which has written racial segregation and discrimination into its laws. Since the Dutch invasion in the 17th century and the British in the 19th century blacks in South Africa have been killed, enslaved and discriminated against. Their position deteriorated after the National Party came to power in 1948. Committed to preserving white supremacy and "purity," the government devised a system of apartheid.

Under this system, intermarriage is prohibited. A population register has been introduced to fix the racial definition of every South African, and those who have been defined as "Africans" must carry with them a "pass" when they reach the age of 16 years. Residential segregation has been pursued as urban and rural areas have been divided into zones, and members of only one race could own or occupy property in each zone. Beyond that a great mass of regulations down to detailed minutia distinguished between the races.

The colour of one's skin defines

* The author is director of the Institute of West Asian and African Studies, the Chinese Academy of Social Sciences.

one's social position, dwelling place, education and job.

In South Africa, white citizens enjoy very high living standards and social welfare. The blacks, however, are leading poor and miserable lives. According to a survey conducted over two years

establishing "homelands" for the blacks, an integral part of the apartheid policy. Under this programme, the blacks, who make up 73 percent of South Africa's population, were assigned to 10 "national states" which occupy only 13 percent of the country's



Blacks in Alexandra South Africa shout slogans protesting the Pretoria regime.

by 400 researchers from 20 universities in South Africa, one third of black children in the country die of starvation before the age of 14.

Medicine in South Africa is well advanced, demonstrated by its pioneering heart-transplant technology. But blacks are not given the health facilities they need. There is one doctor for every 174,000 blacks. While South Africa generates 60 percent of the electricity on the African continent, South Africa's black citizens use firewood for cooking and heating.

Then in the late 1950s, the South African authorities began the "Bantustan programme" of

area. Blacks could not retain South African citizenships after the "homelands" were declared independent, so that, as "foreign" migrant workers for whites, the blacks have no right to vote. Since the 1960s, the South African authorities have sent more than 2 million urban blacks into the "homelands."

The native Africans of Namibia are in an even worse plight than the black people in South Africa. A German colony before World War I, Namibia was occupied by South Africa in 1914, and six years later it was entrusted by the League of Nations to South Africa to administer. Seeking to annex Namibia, Pretoria resisted the

United Nations trusteeship and supervision after World War II. The UN General Assembly voted to terminate South Africa's mandate to administer Namibia in 1966, and the International Court of Justice in 1971 ruled South Africa's presence in Namibia illegal. The South African regime, however, paid no attention to the UN resolution, nor to world opinion, nor to the Namibian people's aspiration for independence, and extended the whole mass of its apartheid laws and racial discrimination policies to Namibia.

The blacks in South Africa have not abandoned their struggle against racial segregation and discrimination, while Namibian people have opposed Pretoria's occupation of their country. For a long time the black people in South Africa restricted themselves to peaceful petitions and non-violent resistance, while the Namibians pursued peaceful boycotts and appeals to the UN for help. This passive resistance was met with bloody suppression by the South African authorities.

After the shocking Sharpeville Massacre in 1960, liberation organizations such as the African National Congress and the Pan-

Africanist Congress began to take up arms and wage small-scale guerrilla warfare. The Namibian people also took up arms in 1966.

Conflict heightened after the autumn of 1984. The blacks have since repeatedly mounted massive demonstrations, attacked and sometimes killed black officials who were collaborating with the authorities, thus paralyzing many local black governments. To put down this mass movement, the South African authorities have tried all the high-handed measures they can think of. According to foreign reports, over 1,700 people have died in confrontations with police since 1984. Pretoria declared a state of emergency in 1985 and began mass arrests. An official list made public in August 1986 showed that as many as 8,501 people have been arrested.

The bloody suppression has not weakened the black movement, however. The authorities have found that after one batch of black leaders is arrested, new leaders come to the fore. The popular struggle in South Africa over the past two years proves beyond doubt that the black movement for equal rights will not be crushed; the new generation of

black leaders are prepared to gain their legitimate rights at all costs.

The same holds true for Namibia, which has become an important item on the agenda of the UN General Assembly session every year.

Invasion of Neighbours

South Africa's apartheid runs counter to the Pan-Africanism of most African nations which are struggling for the liberation of black people. The South African regime has always taken a position contrary to African blacks. In the 1960s, national liberation movements swept the continent as some southern African countries gained their independence. South Africa meanwhile colluded with the colonialists in Angola, Southern Rhodesia (now Zimbabwe) and Mozambique.

When neighbouring countries declared independence, South Africa took to invading and supporting opposition forces there to destabilize them. In doing so South Africa was pursuing two goals: to force its neighbours to stop supporting liberation movements within South Africa and Namibia; and to hamper the development of the neighbouring countries since that would embolden the black population in South Africa and Namibia.

The South African regime uses both the stick and the carrot in pursuing its aims. With complete disregard of international laws and state sovereignty, South Africa intervenes in the internal affairs of such countries as Angola, Mozambique and Botswana, drawing denunciations from the world community.

South Africa feels free to act in this way because there is no power in the region to oppose it. South Africa has been using its wealth to strengthen its armed forces, to the point where it is militarily the strongest country in Africa. Meanwhile, following many years

African National Congress Chairman Oliver Tambo making a speech in New York.



of colonial rule, its neighbours are heavily dependent on South Africa for a great deal of communication and transportation, investment, goods and export. Their economies are vulnerable to manipulation and pressure from South Africa.

Peaceful Reform

With its domestic and foreign policies under vehement attack, South Africa is internationally more isolated than ever. In response to the international outcry, the United States, Britain and many other countries who have economic ties with South Africa have had to impose some sanctions against Pretoria. But whether this will force the Pretoria government to make substantial reform is yet to be seen.

US President Ronald Reagan has adopted a "constructive engagement" policy towards South Africa in the hope of compelling the apartheid government to institute a peaceful reform, through negotiation for the establishment of a political body in which people of all races would be represented. British Prime Minister Margaret Thatcher takes a similar view and argues against severe economic sanctions against Pretoria.

The South African government is not likely to launch any substantial reform, however, because apartheid is deeply rooted in the country's economy, history, society and even psychology.

The greatest opposition to reform comes from the privileged whites. In South Africa the whites constitute 15 percent of the population and possess 87 percent of the country's land. The blacks are driven to work for the white capitalists and landlords as cheap labour. In this way, apartheid has consigned special legal privileges to the whites and also created for the white factory and farm owner a situation which allows him to pay the lowest possible wages.

Most white workers meanwhile are white-collar workers or overseers. They receive better education, professional training, employment and salary than the blacks. Pretoria allocates widely different education funds to different races, with an average 1,385 rand spent on every white student in 1984-85, and only 115.19 on every black student.

According to unofficial statistics, in South Africa's manufacturing industry, managers, professionals, secretaries, salesmen, overseers and technicians are for the most part white, while most of the blacks are engaged in transport, service, production and physical labour. Other fields have a similar labour distribution. Different job opportunities in South Africa result in differences in earnings: In 1984, the average white earned 1,300 rand a month, the Indian 630 rand, the "coloured" 440 rand and the black 330 rand. The disadvantages of reform to the whites is evident.

Apartheid has exerted its influence on the South African psychology, most perniciously on the Dutch descendants, the Afrikaners. These are 60 percent of the 4.8 million South African whites and control the country through their National Party. Afrikaners, who first colonized South Africa over 300 years ago, consider themselves masters of the land. They maintain they are superior to the native blacks and later British settlers, although the English speakers have the edge on them in every way. Their insistence on holding to their own identity has moulded them firmly into an oppressive community.

The Afrikaners have a deeply-held conviction that the white race is superior and have an absurd theory to back it up. In the early years they called themselves "God's chosen people" and looked on the other ethnic groups as "heathens," the cursed hewers of wood and drawers of water for them. Today "white mastery of South Africa" is still an article of

faith for them.

The Afrikaners are different from the early French immigrants to Algeria and British to Kenya in that they have long since broken off relations with the Netherlands. They were independent farmers in South Africa and only at the beginning of this century began to turn to other business. On the whole, they cannot compete with the British descendants and other whites in the developed regions in production and management skills.

Having no "home" to go to in case of defeat, they have the desperate attitude of all or nothing, and will spare no effort to safeguard their privileges in South Africa.

Many Afrikaners have full faith in apartheid. According to a report from the South African Human Sciences Research Council in August 1984, 90 percent of the Afrikaners approved of white and black children going to different schools, 85 percent agreed that different races should use different public facilities, 92 percent still favoured the electoral system which excludes blacks, nearly 77 percent supported the Group Areas Act that legalizes residential segregation, and nearly 80 percent supported the black homelands policy.

The figures show that although there is growing sympathy among the whites for the blacks and a fairly large number of white people have joined the blacks' struggle, the overwhelming majority of Afrikaners in South Africa resolutely support the apartheid system and the resistance to reform is strong.

In reaction to the limited reform Pretoria has attempted, an ultra-right force among the Afrikaners has gained prominence. Although their number is still small, their potential is not and their actions have become more excessive. They accuse the government of betraying the people's interests and say that like a bank on a river, if apartheid is breached

at any point, the torrent of the black liberation movement will inundate them all. They accuse the regime of weakness, and feel free to take their own action, including terrorist activity. Prominent black political activists have been attacked or assassinated. The series of by-elections following the new constitution's coming into effect in 1985 has helped promote them.

Some people have pinned their hopes on white liberals. On January 1, 1985 five big associations of entrepreneurs in South Africa issued a joint statement, asking for an improvement in the conditions of black people in politics and the economy, extension of civil rights and limitations on the power of the police. In September that year representatives of the enterprises in South Africa went to Zambia to talk with representatives of the banned African National Congress. The Association of Chambers of Commerce, which represents 22,740 companies, passed a resolution in October 1985, demanding an immediate abrogation of racist laws and regulations and consultation with black leaders.

But these initiatives have come from the "British" white industrialists who do not have the political clout to further those demands. They have only 27 seats of the 128-seat parliament. At the beginning of last year the opposition party leaders, political representatives of the liberals, resigned because they considered the present Pretoria regime unable to carry out the necessary reform.

The enlightenedness of the liberals is in fact limited. To seek bigger profit, raise labour productivity and lower labour cost, they want to have the "iron bowls" of the white workers broken and ask for the release of the limitation on employing black workers. However, it is apartheid itself which reduces the price of labour and provides them with

superprofits. When their own interests are threatened, they will change their tune. For example, the Anglo-American Corporation in South Africa sacked 14,500 striking workers in April 1985.

As the condemnation of world opinion is ineffective in this case, economic sanction should succeed where words have failed. South Africa lacks oil. Without oil, communications could be seriously disrupted. Although the Organization of Petroleum Exporting countries declared an embargo in 1973, South Africa has succeeded thus far to get all the oil it needs on the black market.

Mining is the main pillar of South Africa's economy, and its products are exported to the United States, Britain, France and Federal Germany. If the West stopped buying these products, it would deal a fatal blow to the South African economy. However, these mineral products are vital to the Western economy and military. Faced with strong pressure from home and abroad, the West has had to make concessions, but the sanctions they have adopted have not involved those key commodities. And whether the sanctions will be strictly observed remains uncertain.

Arms are a case in point. The United Nations adopted a resolution banning the sale of weapons to South Africa in 1963, but it failed to prevent Western arms-producing countries from selling special arms-production licences to South Africa. South Africa has since developed its own military industry and gained self-sufficiency in conventional weapons.

The racist South African regime, like all reactionaries, will not bow out of the historical arena of its own free will. The real pressure comes from the oppressed people of South Africa. For nearly two and a half years the black people's struggle there has grown, deepened people's consci-

ousness and taught all the liberation organizations there many valuable lessons. We believe that the South African people will find the strategy most suitable to the particular conditions in their country.

China's Stand

The Chinese government and people have always condemned the South African authorities for pursuing a racist policy, for the atrocities and suppression of the black people. They have opposed the occupation of Namibia. The Chinese government has not established diplomatic relations with the Pretoria regime and has no contact with it. It resolutely supports the South African people's struggle against racial segregation and discrimination and for racial equality and basic rights. The Chinese government and people resolutely support the Namibian people's just struggle for national independence and the struggle of other southern African countries to safeguard their national independence and sovereignty. China will, as always, take strengthening co-operation with the African countries as high priority. ■

Commenting on the situation in South Africa, a spokesman for the Chinese Foreign Ministry said on February 25: "We solemnly demand that the South African authorities immediately lift the nation-wide state of emergency, release all the anti-racist leaders and activists and all other people arrested and imprisoned and completely abolish the apartheid system. We hope that the international community will exert greater pressure on the South African authorities and render more powerful support to the just struggle of the people of South Africa and southern Africa as a whole."

1987: Year of Enterprise Autonomy

by Gao Shangquan*

In 1986, China practised the policy of "consolidation, assimilation, supplementation and improvement" in the reform of its economic system. Measures were taken to ensure steady and co-ordinated development of the national economy, after a period of excessively rapid growth in 1985. It is estimated that final figures for 1986 will show an increase in total agricultural output value of 3.5 percent, an increase in total industrial output value (including rural industries) of 11.1 percent, compared to increases of 3 and 18 percent respectively in 1985.



Gao Shangquan.

Progress in 1986

In 1986, economic connections among enterprises developed on a more extensive scale. These new connections broke away from the old closed mode of operation. They expanded from simple production co-ordination to co-operation among different factors involved in production—supplies, raw materials, and marketing—and from simple associations within particular areas, types of trade, and departments to associations among different areas, departments and enterprises run under different ownership systems (state, collective and individual). Creation of these connections are paving the way for many other changes. For example, co-ordination between scientific research organizations and enterprises makes it possible for research achievements to be transformed into productive applied tech-

nology. Economic and technical co-ordination between different areas and cities are developing quickly. All these are of great importance to breaking down divisions among departments and areas, and to speeding up the transition from the old system to the new.

As the theory of socialist commodity economy has been put into practice, the systems of ownership and management have changed and developed. Although state-owned enterprises continue to dominate the economy, collective and individual enterprises are playing a more important role. The practise of diverse new forms of management, such as contracting, leasing, and outright sale, in many small state-owned enterprises have given managers a stronger sense of responsibility. This increased flexibility has encouraged the emergence of a number of competent entrepreneurs.

At present 27 cities are experimenting with financial reforms compared to only five in 1985. Some cities have begun

inter-lending among banks to promote the circulation of capital. Other cities have set up short-term money markets, regional financial institutions and collective financial organizations. These reforms promote connections among enterprises and growth of China's commodity economy.

Also in 1986, a major labour reform, the labour contract system, was instituted in state-owned enterprises. This reform has broken the "iron rice-bowl," the system of giving workers lifetime job security regardless of performance, and is of great importance because it promotes a more reasonable and flexible allocation of the labour force, thus leading to improved economic performance by enterprises.

1987's New Tasks

In 1987 the central task of the reform will be to give more power and flexibility to enterprises, particularly large and medium-sized ones, while ensuring the steady growth of the national economy. This year will see efforts to separate ownership of enterprises from management; in this way enterprises will have the right to decide which form of management will best allow them to contribute to the development of China's socialist commodity economy.

There are several reasons why the above are the central tasks of this year's reform.

1. The role of enterprises, particularly big and medium-sized ones, is extremely important, because China's 7,000 big and medium-sized enterprises supply 80 percent of its revenue. They thus have a direct bearing on China's national economy. If the cities are to thrive and the planned

* The author is vice-director of the State Economic Structural Reform Commission.

socialist commodity economy to develop, we must motivate all these enterprises and their workers and staff, make them realize their importance as producers and managers.

2. Starting in 1979, we began reforming relations between the state and the enterprises and between enterprises and their staff with the aim of granting enterprises more power to make decisions. The measures include simplifying administrative structures, lodging more decision-making power at lower departmental levels, reducing taxes, cutting the amount of state-set mandatory planning, replacing handing over profits to the state with tax levies, allowing enterprises to retain after-tax profits, and instituting the practice of "more work, more pay." These reforms appear to have improved motivation. However the reforms have not been universally successful. Many state-owned enterprises, particularly big and medium-sized ones, are still performing poorly and have not yet established themselves as independent commodity producers and managers.

3. These changes have other consequences: they affect coordination of reforms in planning, finance and pricing. Overall planning is crucial. This will ensure not only continuity of policies and principles of the reform but also the steady growth of national economy. This in turn is beneficial to the correct handling of relations between reform and development, so that the reform can be conducted in a good social environment with little disturbance.

The separation of ownership from management is crucial and basic to the enterprises' autonomy. One effective mechanism is the management responsibility system, in which individuals lease or contract to run state-owned enterprises. Urban workers have learnt this from the experience of rural reform. Leasing and contracting can take many flexible

forms and both offer significant opportunities for improving economic performance.

One example is Wu Jilong, a farmer in Gaocheng County of Hebei Province. Starting in 1982, he contracted and leased three small state and collectively owned enterprises which were on the verge of bankruptcy. Under his management, these enterprises soon turned around and achieved marked economic results. How did Wu Jilong, a junior middle school graduate who had been a temporary worker for 10 years, succeed so well? It was because, as a manager, he had not only the right to make decisions but also the responsibility of making the enterprises succeed.

This shows that it is practical to apply leasing and contracting to the management of small state-owned enterprises. It may also be a mechanism to apply on an experimental basis to medium-sized state enterprises which have been running deficits or earning very low profits, or even to big enterprises.

In 1987, there are plans to offer shares in some collectively owned enterprises, state-owned small enterprises, and a few state-owned big and medium-sized enterprises on a trial basis. This is a way of introducing share markets suited to China's present situation. The bold yet careful implementation of this reform will give ambitious entrepreneurs an arena for displaying their talents without doing away with public ownership of enterprises while adhering to state laws and regulations.

The next phase in expanding the current reform of enterprises is to gradually grant them more power to run themselves, and to define the rights, responsibilities and interests of all parties.

Related Measures

The separation of ownership from management makes new demands, sets new conditions, and

offers new opportunities for the overall reform.

To ensure that enterprises enjoy full self-determination, the regulations set by the State Council on extending the right to self-determination to enterprises should be carried out in real earnest, old rules that inhibit self-determination and companies that hinder productivity by only administering rather than producing should be abolished, and unfair distribution of profits and unethical attempts to squeeze funds out of enterprises by charging illegitimate fees and assessments, eliminated.

If state enterprises are to be able to retain profits for reinvestment, they must receive preferential treatment, including reducing their tax burden.

To ensure that enterprises are responsible for their own losses or profits and can compete with other enterprises, it is necessary to move ahead on reforming the price system and to set up markets for equipment, materials and capital. In this way, enterprises will be able to expand or reduce their scale of production, and decide their own direction of development according to changes in market demand.

It is also necessary to further reduce the amount of state-mandated planning and make full use of such economic levers as taxation, interest rates, availability of credit, and exchange rates.

The separation of ownership from management will also require corresponding reforms within enterprises. In 1987, we will make more changes in the leadership system and expand application of the responsibility system for directors and managers. As legal representatives of enterprises, directors play a leading role and are responsible for the work of the enterprises. Creation of a contingent of managers, directors and entrepreneurs who are ambitious, committed to reform, and familiar with

the law of value and commodity economy will have a direct bearing on the success of the national economic reform and the modernization drive. We must therefore appoint qualified leaders, elect leaders through votes, or find competent leaders by inviting them to bid. Directors should work for fixed terms of office and reach the goals they set when they assumed office. We expect that more and more enterprises will be transferred from the hands of directors "in name only" to competent managers.

Regarding reform of the economic incentive system, efforts will be made to distinguish among

efficient and inefficient enterprises by changing the amounts of tax payable on bonuses. By offering higher bonuses for savings in energy and raw materials, the state will reward enterprises which have done a good job in conservation.

Enterprises will develop their own systems for distributing wages and bonuses within the limits set by state regulations.

State-owned enterprises will also adopt new recruitment and employment procedures aimed at further curtailing life-tenure, or "iron rice-bowl," system. Other experimental economic regulations such as the recently drafted bankruptcy law will grant new

rights and duties to enterprises and will further contribute to reform.

These are some of the new roads the reform of the industrial management and planning systems will follow.

The year 1987, the second year of the Seventh Five-Year Plan, will be an important one in building this new economic system. The task will be difficult, but after the experiences of the past few years, the Chinese people are beginning to understand the importance of the reform. So long as we make use of our opportunities, try hard, and work with great care, the urban reform will take a giant stride forward.

SOS Children's Village in Tianjin

Last year saw two SOS children's villages established in the coastal cities of Tianjin and Yantai. A household in the villages consists of a single mother and several orphans she has adopted. The experiment makes China the 76th country in the world to set up such villages. Will this prove a major step in addition to running welfare centres towards solving problems concerning the life and education of orphans?

by Our Correspondent Li Ning

At about 7:30 every morning, a young woman leads about 20 happy children and accompanies them across the roads. She is Zheng Chunmei, 25, one of the two youngest mothers in the SOS children's village in Tianjin. She is in charge of accompanying the pupils under the fourth grade to and from the school safely.

Single Mothers

Women who are invited to be mothers in the village are not allowed to have their own families. This may be hard on them. At the beginning the sponsors of the villages worried about it because traditionally the Chinese people have always looked upon mar-

riage as an important event in their lives.

But when the recruitment was announced in November 1985, within a month 132 women applied in Tianjin proper alone. When interviewed by educators and officials of the women's federation, these applicants had to answer a list of questions including: Why do you agree not to marry? Do you like children? What would you do if your child fell ill? Can you cook or sew? What are your hobbies? They also had a general physical checkup. Thirteen of them were chosen, and 10 started work in October 1986, with 30 orphans organized into 10 families. The remaining three are working as "assistant mothers."

To choose not to get married is

not easy for women, especially young women.

"When I took the job I was 23," Zheng Chunmei said. "For a whole week I argued with myself and cried my eyes out the evening before I decided. My parents tried to stop me. But I really wanted to do something like this. I used to work in a factory. I liked singing and took lessons from some music teachers but made little progress. To be a worker all my life seemed to me to be too monotonous. As for marriage, I hoped to find a husband after I had first achieved some success in my career. Having an indifferent partner, or worse still, a divorce soon after marriage, is no better than to be a mother of orphans. Who could say this job is not a



A school teacher helps the village's children with their study.

Xue Chao

career? I really want to do something significant!"

Guo Yan, 40, is the oldest mother in the village. Taking on the job did not involve as much psychological turmoil as in the case of Zheng. She came because she wanted a home. The day after reading the newspaper advertisement, she went to apply. "I chose

this job," Guo explained, "because I'm a single woman—a situation society in general finds difficult to understand." For 18 years she worked as a dispatcher at the Tianjin General Glass Fibre Factory which has 6,000 workers and staff. She is always cheerful and active but after three months at the village she feels something is

missing. She said, "Here I have a family of children and a home and from the children I get a kind of happiness. But I find psychologically I have lost many things. There is no contact here with adults and this makes me feel fidgety. When my former colleagues come to see me, I become so excited that I can't sleep at night. The children can't make up for what I have lost. But now that I have taken this job I intend to stick it out. In all the several hundred children's villages in the world not one mother has resigned before reaching retirement, right? I think this will be the case here too."

Three of the mothers here are divorcees. Pang Huili, 30, says she was a loser in the love arena. She came here seeking peace of mind by helping the children. She got married when she was 24 years old. A year later she left her husband because he had found a new partner. Her divorce and new job in the children's village made for some talk at the Tianjin Hospital for Infectious Diseases where she worked. Pang is a woman

Children of the Tianjin SOS village.



who dares to break with tradition and has her own independent views on things.

The mothers in the village treat each other as sisters and are called aunts by the children. The village is one big happy family.

Comfortable Homes

The SOS children's village in Tianjin occupies an area of 2.66 hectares. There are 20 two-storey European-style buildings surrounded by gardens. When fully occupied the village will ac-

commodate 20 families with 120 orphans. The biggest family will have six children according to the international rules for SOS children's villages.

At building No. 7, Pang Huili, her two daughters and a son have just had their supper and are watching television in their living room on the first floor. The room is simply decorated but quite practical and comfortable. In addition to a tea table and flower pot stands, there are some chairs and a dinner table where they have their meals. Upstairs there is a room serving as the children's study. There are four bed-rooms

for the mother and the three children, two on the first floor and another two upstairs. The bed covers, quilts, kitchen-utensils, toilet articles and all kinds of decorations, clothes, shoes, socks and school equipment are all newly bought by the mother with a 2,200 yuan allowance for the new home. But Pang complained, "It's not easy to set up a new home. Once you start spending, the allowance runs out. I had to dig into my own wages. In the beginning I was inexperienced and went ahead without a plan. I had no idea what to get first and what second. Now I know better."

Each home is equipped with furniture, an imported colour TV set, a two-door refrigerator, an automatic washing machine, a sewing machine and a quartz electric clock. These things are bought with part of the US\$1 million donated by the international SOS children's village organization and the 1.6 million yuan invested by the Chinese government for building the village. The furniture and bathroom furnishings were contributed by the Tianjin residents.

In the village there are also an office building, a kindergarten, a reception building, a village head building and a dormitory building for boys aged 14 years and above. The rules of the international organization stipulate that boys who reach 14 have to live separately from their sisters in a dormitory. This is reasonable, although it runs counter to Chinese custom.

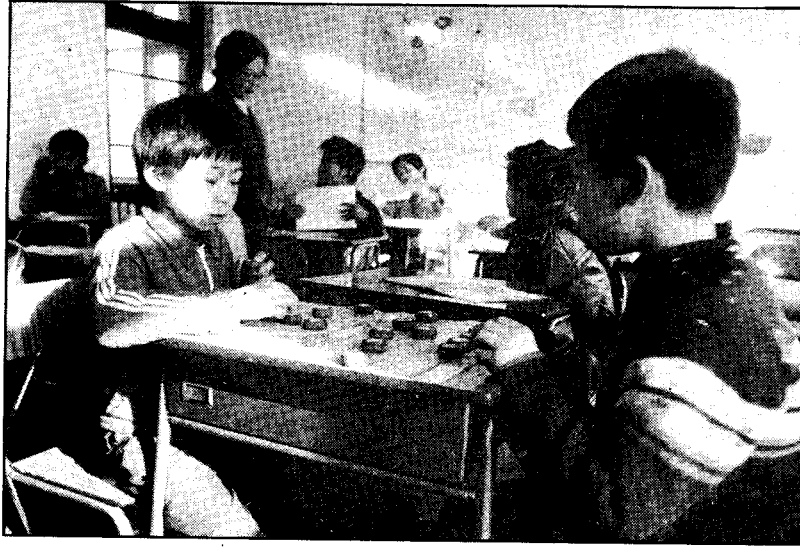
Happy Children

The three children of Pang Huili are from three families which lived on the outskirts of Tianjin. She has two daughters—the elder, Du Shuyan, is 13 years old, and the younger, Xu Xiuju, is 12. They lost their parents in the Tangshan earthquake in 1976. The parents of her son, 11-year-old Ding Shuhai, died of illness.

Statue to an SOS village family.

Xue Chao





Recreation room at the Tianjin SOS village.

Xue Chao

"Before coming here my children were taken care of by their elder brothers and sisters, but their living conditions were poor. It was really pitiful. Soon after their arrival here I gave them a bath and new clothes. They were very happy to see their new home. Pang was in high spirits as she described her children. "My eldest daughter loves language study and poetry. Her poems are full of deep feeling. In a poem 'Mother Chunfeng and Little Grass,' she considers herself a blade of grass. After losing her parents in the Tangshan earthquake, her aunt adopted her and her brothers and sisters but did not treat them like her own children. She yearned for motherly love. Now she has her own mother. She compares me with Chunfeng (Spring Breeze). Naturally I could never bear to disappoint her. To encourage her, I have bought a lot of books about poetry for her. The younger daughter is very smart. She is outgoing and sometimes naughty. She always gets better marks than her brother, who is in the same grade. My son is naive and timid. He likes singing and wants to be a singer. A few days after they arrived they became acquainted with each other and are now on good friendly terms."

In bringing them up Pang gives her children a wide range of freedom. Considering they have a special psychological makeup, she tries to avoid putting pressure on them. She wants her children to understand her and feel her love for them. Her children are polite and well-behaved.

The living standard of the children in the village is a little better than that of the ordinary children in the city. They have a monthly allowance of 75 yuan, a little higher than Tianjin's average of 67.15 yuan per capita. Pang's son said his new family is richer than his old one. But some children feel these better conditions are no more than their due. Therefore the school teachers, village head and their mothers are trying to make them realize their happiness comes from humanitarian ideals and the concern of the society.

Brand New Endeavour

Managing a children's village is a new endeavour in China.

The sponsors of the SOS children's villages plan to experiment with the villages for one or two years and then decide whether to run more or not. Some factors

must be taken into consideration.

First, there is the question of where to find the orphans. Since China has introduced family planning and the policy of only one child per couple, if children become orphans they will be immediately adopted by people who are unable to bear children. Especially in cities, the number of couples who want to adopt children is increasing. The situation is different in the countryside and in areas inhabited by minority peoples. For this reason the first group of 30 orphans in the Tianjin children's village are all from rural areas and are of school age. This does not completely conform with the aim in running the SOS children's villages of catering for children under 10, especially for infants and toddlers. So the village has made a survey of the orphans in Hebei Province and plans to accept mainly orphans of pre-school age when it is officially opened in May this year.

Then there is the question: Is it advantageous for single women to become professional mothers? At present it is difficult to reach a conclusion. China advocates sex equality. Most women have their own jobs or professions. Now is it suitable to ask them to go back home and become housewives on full pay? All the 13 mothers in the Tianjin SOS children's village had their own jobs before coming here. Former government cadres, shop assistants, workers and nurses, they volunteered to come to the children's village and have stood up to this great test in their lives. After a period of time they have become used to the new situation. But the restriction not to get married or to have children does not tally with Chinese tradition.

It is too early to say whether many children's villages will spread in China. But the humanitarian spirit on which they are based will be sincerely acclaimed by the Chinese people. ■

Rural Women Come Into Their Own

A survey by the All-China Women's Federation reveals that specialized households operated by rural women account for 35-40 percent of all such households in the countryside. The figure goes up to 55 percent in more developed areas. These women create 60 percent of the total value of commodities produced, and this figure is higher in the more developed areas.

by Our Correspondent Li Ning

Lingxian County, Shandong Province, has 35,000 hectares under cotton, which is its main cash crop. Since the purchase price of grain and cotton was raised and a diversified economy was developed in rural areas, the farmers' average per-capita income increased from 43 yuan in 1978 to 554 yuan in 1985.

Women know all about cotton growing and women cotton growers account for 60-65 percent of the county's total, an impossibly high figure if not for the rural responsibility system. The development of a diversified economy has freed more and more men from farmwork to take on other business. This, together with the family planning policy and socialized housework, has helped more and more women step out of their homes and undertake production. They are acknowledged as being better at spraying insecticides, tilling, pruning and harvesting.

Talents Are Legion

Rural reform has brought a group of talented women to the fore. Ma Jinrong, 35, from Dongdou Village in Lingxian County, is one of these. When she was selected secretary of the village's Party branch in 1980, the village was in debt to the tune of 80,000 yuan. Ma organized the villagers to build a 17-kilometre canal to divert river water to irrigate the alkaline fields. Her efforts paid off. In 1982 grain production increased greatly and the villagers' income rose so that

they could pay back the loan. Later, Ma started a grain processing factory in the village to replace manual-operated grindstones with machines. She also established a kindergarten in order to ease the mothers' workload and to give children a good education. After that Ma organized these women to produce wire and other sidelines for more income.

Steady development in commodity production in rural areas in the last few years has encouraged women to take up a wide range of profession, including animal breeding, weaving, embroidery and tailoring. In suburban Wenzhou, Zhejiang Province, where the commodity

economy is developed, 840,000 of the 1.05 million rural women are engaged in commodity production and the service industry. Pan Zhiqiao in Xiqiao Village opened a plastic weaving factory and made more than 500 women prosperous. Her factory turned out 800,000 yuan worth of products in 1986 and handed over to the state a profit of 40,000 yuan. She has made her reputation in the locality.

Women in Enterprises

Young educated women have begun moving from farming to industry. There are 6 million rural enterprises throughout the coun-

Li Hongmei (middle), a young rural woman from Shandong Province who exhibited her drawnworks at the 1984 Thessaloniki International Fair in Greece, passing her skill on to fellow villagers with exports in mind.

WANG CHENGXUAN





A young Inner Mongolian woman is congratulated on her success in running the restaurant she opened in Hohhot.

BAISI GULANG

try and half of the 64 million people they employ are women.

In south China's Guangdong Province, women workers account for 90 percent of workers of the cotton and woollen mills, the clothing, arts and crafts, weaving, toys and electronic goods enterprises in rural areas. In Dongguan city, Guangdong Province, 70 percent of the 270,000 women farmers have transferred to industry.

These women do piece work and their monthly wage is nearly 100 yuan, even 200 yuan in some places, equal to their male counterparts.

Some women occupy leading posts in these rural enterprises. A survey of the enterprises run by seven towns in Taoyuan County in Hunan Province shows that there are 180 women factory directors and managers, 26 percent as many as men. There are 128 women technicians, 2.8 times as many as men. The enterprises directed by women and composed mainly of women workers seem always to be well managed. Some world-famous products including carpets, wickerwork, bamboo baskets, firecrackers and shell

carvings are produced by these enterprises.

Rapid rural economic development has inspired rural women to break through the traditional prejudice against women trading. Out of the 40,000 traders in Lingxian County in Shandong Province 16,000 are women. They are acclaimed by the local people for their diligence, patience and warmth.

Liu Ruiming (second left) and her friends, from Hebei Province selling acrylic knitting wool produced by their fellow villagers.

WANG JIANMIN



In Lixian County in Hebei Province, rural people are making garments with polyester thread. In Xincun Village alone there are over 200 women selling the garments to other villages and remote areas. Made of leftover pieces from big factories, their products are cheaper than the factory-made ones and have found a ready market in rural areas. At the same time they afford the women a good profit.

Then there is household livestock breeding which is the main source for increased income. Before 1976 their economic development was limited by "left" thinking. Each household was allowed to raise no more than three to five chickens and one or two pigs to cover certain basic expenses on edible oil and salt. Now they are encouraged to develop sideline production. The agricultural departments provide them with fine breeds, fodder and information on disease-prevention. Some households raise several dozen chickens and a dozen pigs each. Women often are the ones to breed poultry and animals and their income accounts for 5-10 percent of their households' total.

New Social Trends

The development of the commodity economy has helped rural women move away from their earlier conservative, obedient and poorly educated state.

Seeking for Knowledge. Rural women have had less education and the percentage of illiterate women is greater than that of men.

Challenged by the rural economic development and realizing that knowledge brings greater productivity and profits, women have overcome the feudal sexism and set out to find an education.

In 1985 about 4.5 million women in Hebei Province joined farming and general classes. In Shanxi Province 40 percent of the 3,000 farmers studying agricultural techniques from broadcasts are women.

Yanqing County on Beijing's outskirts has run four tailoring classes since 1984 and trained more than 800 women. Nearly 70 percent of them opened their own shops and the rest have been taken on by the county and township

Wu Chilian (first left), a County magistrate of the Miao nationality, talking with local people.



WANG PING

clothing factories. These women are helping to satisfy an increasing demand for tailoring.

Choosing Husbands. People's approach to marriage has changed following improvement in their economic status. Young women prefer to have capable, skilled men as their husbands and the men want to marry educated women, senior middle school graduates preferred.

They are also becoming more insistent on finding their own spouses. In some mountainous areas the parents used to choose spouses for their sons and daughters when they were very young. More and more such "engaged couples" now want to terminate the "engagement."

Some women who married their child-betrothed grooms are becoming dissatisfied with their husbands. They have learnt the marriage law and go to the court for a divorce. About 70 percent of the divorce suits handled by the courts are brought by women.

Giving Importance to Children's Education. Rural women are

attaching more importance to their children's education and try to help with their children's study; many do so in order to help the children do better than themselves.

Classes held in Beijing city proper for newlyweds and pregnant women always attract rural women from the outskirts. The women's federations in the various districts and counties in Beijing have run 865 classes on how to educate children in a scientific way. The city-wide consultancy activities organized on June 1 Children's Day every year attract many farmers. Parents are glad to invest in the intellectual development of their children and create a favourable environment for their study. Wang Guihua from Changping County, Beijing, has been a music lover since she was a child. For her own daughter she spent 2,000 yuan on a piano and engaged a tutor. Last year her daughter was enrolled to a middle school affiliated to the Beijing Music Conservatory.

Looking for A Richer Life. Rural women with more disposable income are not content with a humdrum life of working, eating and sleeping. They develop a sense of style, have their hair done, wear fashionable garments, and develop a sense of the outside world by watching television.

Villagers in Shandong Province have established 28,000 women's activity centres and night schools in the last few years. Almost 80 percent of the villages in the Lanxi County have some centres of their own. These centres and schools have classrooms and activity rooms and full-time and part-time teachers. About 130,000 women study there to learn about child care, women and children's health, family education, cooking, sewing, interior design and literature and art. General knowledge competitions, literary performances and sports are also very popular. ■

Chinese Scientists: Mixed Feelings

"RENMIN RIBAO"

(People's Daily)

The Scientific and Technological Association of Hunan Province made a sample survey not long ago, on the thoughts, work and life of scientists and technicians in the province. All the 1,679 people surveyed were between 35 and 55 years old, and 800 had academic titles. Following is the result of the survey.

Social Status Improved. When asked what was the most satisfactory change since the 1978 national conference on science, 1,361 answered "intellectuals came to be respected in society." Among them, 559 thought it was shown by scientists and technicians being put in important positions; 740 said problems left over from history had been solved. The oppression and discrimination suffered by Chinese intellectuals was no longer prevalent.

Potentials Not Fully Developed. When asked what they could do for the country's modernization drive on the premise of finishing their own job, the scientists and technicians believed that there still was a lot of potential to be developed although talented people were far too few at present. Among them, 409 would like to take part in investigations on specific items; 648 in scientific and technological consultations.

Jealousy Is Most Abominable. When asked what kind of problems should be taken note of, 1,049 answered: jealousy. They considered that to be the main unhealthy tendency. Some 715 said: working for money; and 395, not co-operating with others. Still 366 thought: insufficient respect for moral values guiding scientific research.

Urgent to Renew Knowledge.

When asked what they thought the scientific and technological associations and societies should do, 1,275 hoped to know the developing trends of each scientific field in the country; 1,134 wanted to learn modern technology; 713 wanted to pursue theoretical studies in their profession; and 629 hoped to participate in discussions in one profession or another. About 68 reported they couldn't give full play to their abilities at work because they couldn't keep up with what was new and exchange information with their counterparts both at home and abroad.

Hope to Speed Up Reforms.

When asked what was the main

factor preventing scientists and technologists from developing their talents, 695 answered they lacked the right to make their own decisions; 573 thought it was the bureaucratic working style of their leaders who didn't make good use of the talent of trained people. In regard to working conditions, 478 said that their research instruments and data were far behind the times; and 468 thought the quality of logistics work was poor.

On living conditions, 712 answered that their burden of household chores was too heavy; 657 said wage levels were unfair, in that intellectuals' incomes were lower than those of physical labourers of the same age; and still 441 answered that their shortage of housing was critical.

Generally, scientists hope to see the pace of reform accelerated. ■

Armies of Visitors Bring Benefit to Beijing

"LIAO WANG"

(Outlook Weekly)

Nearly 1 million people enter and leave Beijing each day. Their presence creates problems for eating, living, supplies of water and electricity as well as public order. But they also bring with them money in their pockets, and sometimes orders for buying goods. Also, the most valuable thing some of them bring is their wisdom and labour, so the material and spiritual wealth brought by the million is huge.

A constant flow of visitors nurtures a city. A recent survey on travellers at about 20 Beijing hotels showed that visitors spent 80 percent of their money on eating, accommodation and shopping. Half of them spend 5 to 15 yuan each day; and 36 percent spend more than 15 yuan. One visitor reportedly spent 300 yuan in a single day. If each person who

comes into Beijing spends 10 yuan a day, a total of 10 million yuan pour into the capital each day, which means a daily profit of 1.5 million yuan. Part of the profit reaches the state as tax revenue, some flows into the municipal coffers, and some is used to develop business organizations and improve workers' welfare.

This huge army of visitors on a buying spree has boosted the city's industry and commerce. More than half of each day's shoppers at Beijing's four major department stores at Wangfujing, Qianmen, and Xidan are from other parts of the country. They come with money and leave with goods. Without them Beijing's commercial and service trades would not have been so prosperous.

This constant flow of consumers of whatever goods there are available will undoubtedly serve as a fillip to industrial and commercial enterprises in Beijing and elsewhere. ■

Sino-US Technical Co-operation

China's State Science and Technology Commission and the US Aviation and Space Bureau will hold negotiations this year on scientific and technical co-operation in space. The two sides have already exchanged views on the programme. In 1986 the Chinese and US governments concluded several agreements on railway, telecommunications and nature reserve co-operation.

Co-operation in science and technology between China and the United States started in 1979. The two countries have since signed 28 agreements on scientific and technical co-operation in industrial management, information exchange, atmosphere study, ocean study, water management projects, power generation, earthquake prediction, environmental protection, elementary science, high-energy physics, nuclear security, nuclear physics, aviation, statistics and survey techniques.

Scientists have already co-operated in more than 500 projects of common interest and about several thousand scientists have exchanged visits. In addition, China, according to a Sino-US contract on educational co-operation, has 9,000 students and researchers studying or working in the United States. Successes have resulted in most scientific and technical research fields.

China, which is on a seismic belt, has several thousand years' worth of records on earthquakes and continues to collect data for seismic study. In the last few years Chinese researchers have made a number of breakthroughs which have interested their US counterparts. In January 1980 China and the United States signed an agreement on co-operation in the study of earthquake prediction, warning systems and minimizing the effect of an earthquake, and in constructing earthquake stations.

The two countries also established nine earthquake stations in northeast China, Yunnan Province, Beijing, Tianjin and Tangshan, and jointly carried out observations to good effect.

China has also made some progress in its cancer research. From 1973 to 1979 it surveyed 2.4 billion people and drew up cancer distribution maps. According to a Sino-US contract China has provided such sketches and data while the United States has studied the lifestyle, natural and other causes of the disease.

In 1980 China and the United States opened an industrial scientific and technical management training centre in Dalian. The United States sent experts and scholars to lecture on advanced scientific management. Over the last six years, the centre has trained 1,500 economic managerial personnel. By the end of last year the first group of 38

postgraduates received their Master's degrees in industrial and commercial management from New York State University. In addition the two countries also co-operated in research in high-energy physics, nuclear security and aviation, and helped develop technology in these fields.

Sino-US co-operation has become an important component of relations between the two countries. At present the main block on the Sino-US co-operation is the US limitation on technical transfer to China. Since 1979 the United States has declared a widening of the limitation and a raising of the technical level of exported machines, but reality has not conformed with US policies. This has destroyed co-operation in some fields. The Chinese people believe that as this problem is being eliminated, Sino-US co-operation will develop further and present a bright prospect also for Sino-US co-operation in trade.

by Yao Jianguo

Tanzania-Zambia Railway Revives

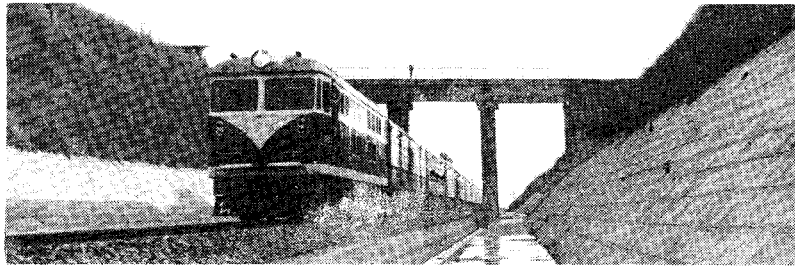
With Chinese management help, the Tanzania-Zambia railway started making a profit after a bad patch. In the three years between June 1983 and June 1986 the line transported 3 million tons of goods and carried 3.5 million people, making a profit of US\$12 million. In the four months between July and October 1986, the profit reached US\$5 million.

The 1,860-kilometre-long railway line is the biggest project China has helped to construct in Africa. It was proposed in 1967 and construction began in October 1970. It was put into operation in July 1976 and made some profit in the first two years. In 1979 its goods transportation was suspended because of a storm and other factors. After that the line suffered losses from poor management, shortage of technicians and

poor maintenance.

China joined the management of the line in the second half of 1983. With Chinese help, traffic on the line has been greatly improved and the number of accidents reduced. In addition, the Tanzania-Zambia Railway Bureau imported new locomotives from the Federal Republic of Germany to increase its capacity.

The construction of the line has benefitted the export of Zambian copper, a primary export product, and given an impetus to the economy along the line. It made the establishment of paper mills, cement works, chemical fertilizer plants and food processing factories along the line feasible. Zaire, Zimbabwe and Malawi have also started to transport their products on the line and exported 42,400 tons of goods in the 1985-



A train on the Tanzania-Zambia railway line.

86 fiscal year. The figure is expected to increase by six times in the 1986-87 fiscal year.

In August 1986 the Chinese, Tanzanian and Zambian governments held their fifth talks on technical co-operation on the line

and signed a contract, which says China will continue to send management people, provide spare parts and loans and train 50 transport and locomotive technicians for the line.

by Qin Hanchang

China's Interest in Military Maintenance

Last month China's military departments held a meeting to announce a list of exhibits expected for the first international exhibition of military operations, reconnaissance, communication equipment and technology to be held in Beijing in November. China hopes weapons producers and strategic equipment manufacturers from the United States, France, Britain, the Federal Republic of Germany, Japan, Brazil and other countries will participate in the exhibition.

Exhibits are to include:

—Testing and maintenance technology, guns, radar, and anti-tank missiles; packaging and storing technology for weapons and ammunition, field maintenance supplies, and weather-proof oil and grease.

—Mobile cooking equipment which uses various kinds of fuel, field food processing and packaging technology, combat training uniforms, cold-weather uniforms, and portable personal articles.

—Medical, hygiene, disease-prevention and first-aid equipment; nuclear and chemical warfare technology including vehicles and protective devices.

—New military vehicles and boats, navigation and communication equipment, and automatic storage equipment.

—Oil pipeline laying machinery, flying aircraft refuelling technology, refuelling equipment for moving ships, and field testing devices.

—Containers for transporting ammunition and instruments, loading, unloading and transport vehicles; highway repair equipment, railway and bridge construction equipment, hovercraft and helicopters for transporting ammunition and equipment.

—Field tents, heating systems, and lighting equipment; warehouse building and management equipment.

—Fuel quality monitoring equipment, machines for building cement runways, runway cleaners, high-altitude testing and training devices and air-emergency life saving equipment.

—Special navy uniforms and food, rations for emergency use, repair equipment for sea vessels, marine transport and supply equipment, military port management, engineering equipment and naval medical technology and

equipment.

China now has enough foreign exchange to buy some of the advanced equipment and technology to be shown at the exhibition. By the end of March China will send a delegation to study the military equipment and technology production in Britain, Italy, the Federal Republic of Germany and France and will hold talks with some of the companies there.

The exhibition is sponsored by the China Council for the Promotion of International Trade Beijing Branch and Modern China Ltd. of Hong Kong.

by Yao Jianguo

Trade News in Brief

■ China and the United States Pan American Pacific Satellite Corp. signed a contract on February 20 in Beijing in which China agreed to launch a satellite for the US company. It is the second contract of its kind concluded by China and the United States within a month. The contract will be valid after China receives the first advance payment.

Sometime in the last four months of 1988, China will launch the communications satellite at the Xichang satellite launching centre on a *Changzheng (Long March) No. 3* carrier rocket. The satellite will hover in geosynchronous orbit 36,000 kilometres above the earth.

■ A ground-breaking ceremony for the Shanghai International-Airport Hotel, a joint venture between the city's aviation administration and Japan's Chalon Corporation, was held on February 24.

When completed next January, the hotel will offer 308 rooms. It is mainly designed for transient passengers passing through Shanghai.

'China Reconstructs:' Many Happy Returns



Israel Epstein, editor-in-chief (left), toasts the magazine's future.

Zhou Youma

In a tranquil Beijing park, two people were sitting on a bench, sorting sheets of paper that were to become the first issue of *China Reconstructs*. Occasionally the breeze would carry away a page, and one of the two would run to catch it. It was in 1952, and for lack of office space, the park bench had to serve as the monthly magazine's first office.

Flash forward 35 years, to February 21, 1987, and in one of the elaborate banqueting rooms of the Great Hall of the People, more than 400 well-wishers gathered there to enjoy a big birthday party. Warm greetings, satisfied laughter and glasses tinkling echoed throughout the spacious room: happy 35th anniversary to *China Reconstructs*.

The guests had good reason to celebrate. *China Reconstructs*, founded by Mme Soong Ching Ling (wife of late Dr. Sun Yatsen), has finally found itself "between youth and maturity," in the words of its editor-in-chief Israel Epstein. Maybe he was just too modest to call the magazine full-fledged.

Although the magazine began monthly publication in 1952, its

Circulation, 1952—1986

January 1952	10,000
January 1957	70,000
January 1962	58,000
January 1967	137,000
January 1982	137,000
January 1983	167,000
January 1984	173,000
January 1985	218,000
January 1986	223,000

Distribution of readers

Arabic and African countries	28%
North America	27%
Europe	21%
Latin America	11%
Asia	10%
Hong Kong and Macao	3%

origins go back to 1938, when China was rallying support from both within and without the country to resist Japanese aggression. To keep those outside China informed about the domestic situation, the China Defence League (CDL) started its *News-*

letter, published fortnightly in English. After the founding of the People's Republic in 1949, the CDL became the China Welfare Institute (CWI), and the *News-letter* was transformed into *China Reconstructs*, whose aim was to "introduce the new China to the whole world."

In the beginning, the magazine had only six staff members. They handled just about everything—writing, editing, translating, photographing, proofreading and designing. Because printing and distribution were done in Shanghai, two of them had to shuttle back and forth from Beijing to make sure it would appear on time.

But shortages of staff, office space and fund notwithstanding, *China Reconstructs* has grown steadily (see chart). It is now published in seven different languages—English, Spanish, French, German, Arabic, Portuguese and Chinese—and several special editions to meet what Epstein called the interests of "the educated men and women in the street." Each year, foreign staffers are recruited to edit out the linguistic infelicities that tend to find their way into stories when they are translated from the Chinese, and even to write stories of their own. These efforts have won the magazine a wide and sometimes illustrious readership—even Mao Zedong read it occasionally to practise his English.

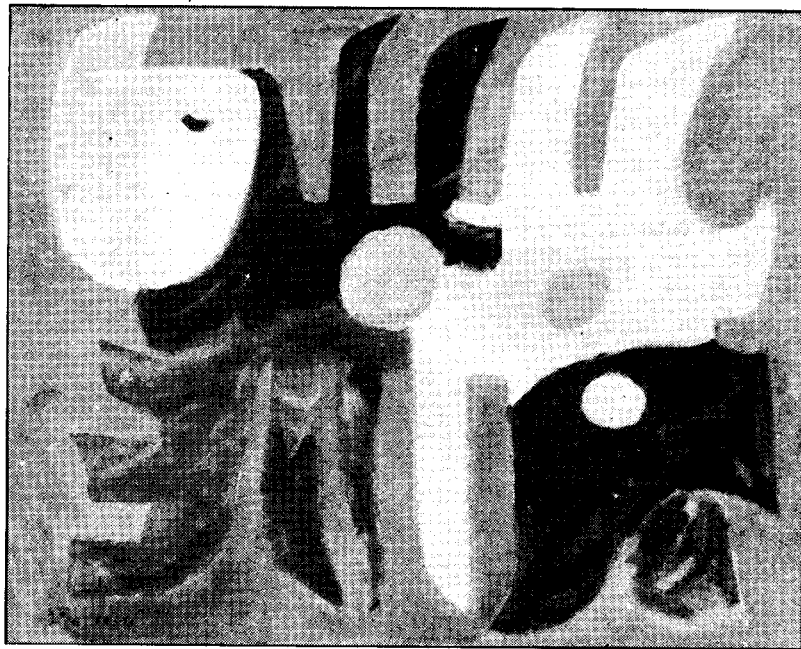
Epstein said *China Reconstructs'* purpose now "is to cater to general interest in China, which has soared considerably lately." He believes "insufficient knowledge" between the Chinese and people elsewhere in the world are the major handicap to greater friendship. "To bridge up the gap," he added, "*China Reconstructs*, for its part, should play a bigger role in presenting a

realistic picture of China with an emphasis on social, economical and cultural issues." Challenging this may turn out to be, since "quality and printing are in need of improvement," the management are already gearing themselves for the future by attempting to train the staff to meet new demands. So, while everyone at the party was jubilant over *China Reconstructs'* past achievements, they were even more optimistic about the future, which includes predictions of circulation growth as well as improved quality. So it was with sincere good-will that they raised glasses filled with one of China's best wines, the French-Chinese *Dynasty*, and expressed their satisfaction in traditional Chinese style by saying: "Comrades, let's ganbei!"

by Dong Yuguo

Women Artists' First Group Show

Just as more and more teams of China's women athletes are taking their places in the world's sports arenas, so too have women



Flight (acrylic on canvas by Pang Tao)

painters at last invaded China's national gallery, the *Meishuguan*. It was the first group show of women painters ever held at the gallery and was timed as a prelude to the International Women's Day, March 8.

Though writer Shen Rong

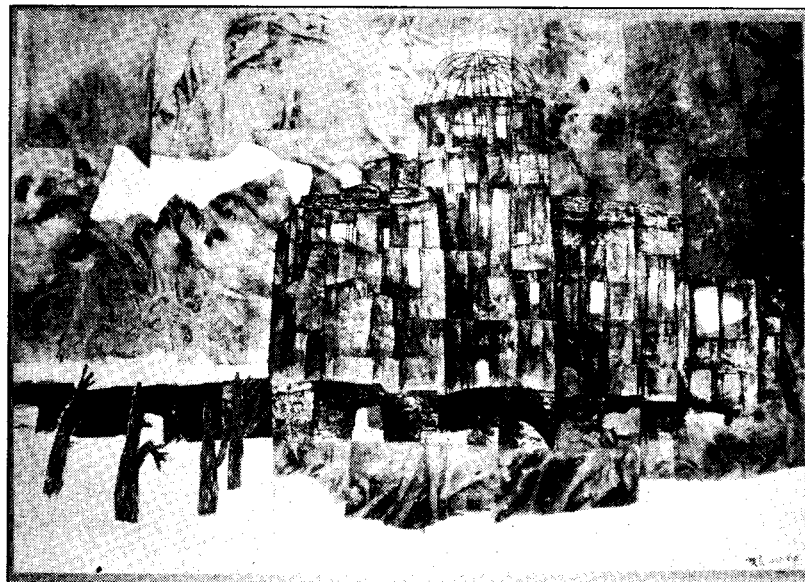
concluded a bit desperately in a two-part review reprinted in *China Daily* that the exhibition showed "that woman artists. DO have a real place in art," such defensiveness was uncalled-for.

In my opinion, the paintings were at first glance pretty and sweet. Few of them dabble in cold, hard beauty though some of them might have originally been intended to express the painters' distorted, suppressed feelings. The works were in general highly original, though a few Picasso-esque touches appeared here and there.

Wu Guanzhong, a well-known oil painter and teacher, commented, "Feelings are limitless. If the feelings come from the depths of the artist's heart, he or she doesn't have to resort to the techniques of some school. . . . Woman painters are sensitive and thoughtful. Personally, I don't care for eye-catching splashes of colour. That's superficial. I like to hear the artist's real heart beating."

But devotees of Chinese ink painting might have been startled by the works in this show. Except for Pang Tao's acrylic works, in

Landscape of Hiroshima (ink painting on rice paper by Zhou Sicong)



which the very medium dictates depictions of Western rather than traditionally Chinese, most of the works applied traditional Chinese ink-and-colour on rice paper to delineate subject-matter

which the series seem to contradict these feelings. On the other hand, the warm colours of "Song of the Reed Catkins" seem a more natural expression of Yu Feng's cosy world.

Music of Bulang (water colour on rice paper by Zhou Ling)



often appears in Western style paintings. It was in this way, perhaps, that these woman painters show their courage and distinctiveness.

Yu Feng, at 70, the oldest of the nine, has been showing other people's painting for many years in her role as director of the exhibition department of the Chinese Artists Association. She had not had an exhibition of her own since 1949, but last year had one in Federal Germany. Her three-piece "Ghost of the Middle Ages," and her painting "Grass Braving Winter" seem to express her struggles and the suppression she endured during the "cultural revolution," but the curved grass leaves and the emotionlessness of

Pang Tao, who comes from a family of artists and scholars, began teaching at the Central Academy of Fine Arts after graduating there. She is the only one of the nine who works in acrylic. Her paintings fill her canvases with modern, abstract forms, but the richness of her colours radiates a profound beauty. Her forte is riotous colour and line, which are the essence of fine art: she lets the colours and lines show their beauty for their own sake, instead of using them to show the beauty of the universe. One of her paintings, "Clothing Tiger," shows elusive, vague representation of a folk toy, but it's an exception in some way. Some viewers says Pang's strong

blocks of colour make her work "decorative," but in her own introduction to her works at the exhibit she wrote, "I hope I could use the language of oil painting, while absorbing the aroma of Chinese painting, to be more creative."

Though Zhou Sicong's list of credentials and associations shows her to be much involved with the world, her black and white "Lotus" and "Far Away," suggest a detached and slightly melancholy woman who wants to walk into a world of tranquility. As Professor Wu Guanzhong said, "Zhou Sicong's works don't smile. She paints what's in her mind and the bitterness she loves."

The works of Shao Fei, 32, youngest of the nine, deal with such profound themes as dreams, life and death. She uses Chinese ink and painting colours to create an incredible effects that resemble Western oil paintings. Shao's words about her work were just as intriguing: "Painting has its own life. After shaking off the yoke of naturalism, it may, with its colours and lines, enter an imaginary world full of the naivete of childhood and the absurdity of dreams...."

Another painter, He Yunlan, deals with a broad range of themes in a number of styles from "Girl," and "Hometown of the Phoenix," to natural seasons, opera masks, imaginary houses, and the spirits of trees. "Winter Grass," "Autumn Leaves" "Summer Fog" use delicate strokes to depict every detail, while others, like "House at the End of the Road," and "Black Mask," are smeared with heavy blocks of black ink.

The other artists included Zhou Ling, who paints depictions of plump Chinese women; Xiao Huixiang, who draws tri-colour glaze mural paintings on tiles; Pang Yuan, who enlivens full-bloom flowers on ceramic plates; and Nie Ou, whose sparse water and ink paintings feature large expanses of white space.

by Zhao Zonglu

Science and Technology

March 19-20, Guangzhou, China Hotel. China International Symposium on Naturally Based Cleaning Products and Personal Care Products, sponsored by the Chinese Ministry of Light Industry and the US Association of Animal Fat Refineries. Participants will include business representatives from the United States, Japan, India, Sweden and Italy.

April 1-7, Beijing. The 25th Meeting and Seminar of the Fifth Technological Committee of the International Federation of Information Processing, sponsored jointly by the Computer Engineering and Application Society of the China Electronic Association, the China International Conference Centre and the Fifth Technological Committee of the International Federation of Information Processing.

April 7-12, Shanghai Exhibition Centre. International Internal Combustion Engine Exhibition, sponsored by China Internal Combustion Association and Shanghai International Trade Information and Exhibition Company. Participants include representatives from the United States, Canada, Japan, Hong Kong and West European countries.

April 10-15, Chengdu, Sichuan Province. International Conference on the General Atmospheric Circulation of East Asia, sponsored by the Atmospheric Physics Research Institute and Lanzhou Plateau Atmospheric Physics Research Institute of the Chinese Academy of Sciences. Participants will include scientists from Japan, the United States and Britain.

April 20-25, Beijing. International Computer Drawing, Designing and Manufacturing Symposium, sponsored by the China Engineering Drawing Society and China International Conference Centre for Science and Technology.

April 26-30, Shanghai. International Conference on Radiation

Oncology, sponsored by the Tumour Hospital of the Shanghai Medical University and the Society of Radiation Oncology. Participants include representatives from the United States, Canada, France, Japan, Belgium, Holland and Australia.

April 27-30, Beijing. International Conference on Hospital Management, sponsored by the Beijing branch of the China Medical Society and the China International Conference Centre.

November 16-23, Beijing. International Vegetable Protein, Oil and Starch Processing Technology Exhibition, sponsored by the Chinese Cereals and Oils Association and the China International Conference Centre for Science and Technology. Application deadline is April 30.

Business and Trade

March 2-9, Beijing, Exhibition Hall. 13th China Carpet Fair, sponsored by the China National Native Produce and Animal By-Products Import and Export Corp. Participants include the corporation's 26 branches which handle carpet exports and 250 carpet dealers from 40 countries and regions.

March 4-9, Guangzhou, International Scientific and Technological Trade Exhibition Centre. Surface Treatment Technology and Equipment Exhibition, sponsored by the Guangdong Industry and Commerce Exhibition Co. Ltd.

March 10-15, Tianjin, Industry Exhibition Hall. International Glass Industry Technology Exhibition, sponsored jointly by China Silicate Society, Focus World Exhibition PTE Ltd. of Singapore, the Tianjin Society of Equipment Management, and the Tianjin New Technology Development Co. Participants include 100 firms from the United States, Britain, France, Japan, Italy and the Federal Republic of Germany.

March 18-23, Guangzhou, International Scientific and Technological Trade Exhibition Cen-

tre. International Automobile Parts and Testing Instruments Exhibition, sponsored by Hong Kong Asia Fair Co. Ltd. Participants include business representatives from the Federal Republic of Germany, Italy, France and Brazil.

April 3-9, Beijing, International Exhibition Centre. International Chemical and Petrochemical Equipment Exhibition, sponsored by the China Council for the Promotion of International Trade. Participants include business representatives from the United States, the Federal Republic of Germany, Japan, Italy, Britain, Denmark, Australia, Belgium, Holland, Sweden, Switzerland, and Hong Kong.

April 21-29, Beijing, International Exhibition Centre. Metal Working Exhibition of the Federal Republic of Germany, sponsored by the German Machine Tool Builders' Association, the Federal Ministry of Economics, and the China Council for the Promotion of International Trade. Participants include 94 firms of the Federal Republic of Germany.

Cultural Exchanges

March 16-April 14. Ben Stevenson, artistic director of Texas' Houston Ballet, will lecture at the Beijing Dance Institute.

March 25-April 7. A 30-member art troupe from Sudan will visit China.

Late March, Beijing. Moroccan culture week, featuring performances by a 45-member ensemble led by the Moroccan minister of culture.

April 18, Beijing. Former British Prime Minister Edward Heath will conduct the Central Philharmonic Symphony Orchestra in a concert. Another concert to benefit construction of a rehabilitation and recreational centre for the handicapped featuring Heath and handicapped Chinese singers and performers is yet to be scheduled.

More Chinese Touring China

Domestic tourism has grown rapidly in China in the last few years. Last year, 270 million Chinese went travelling, 13 percent more than 1985's 240 million, which in turn was a 20 percent increase over 1984.

Other salient facts about China's burgeoning domestic tourism industry are:

- Numbers of tourists and tour groups are increasing each year. Tourists are most often farmers and self-employed urban labourers who have prospered earlier than others, retired workers and staff on pensions or full pay, in-service workers, teachers, professors and students who travel during their vacations and holidays. Domestic tourists to Beijing, Hangzhou and Qinhuangdao has been growing at an average rate of 30 percent a year.

- Tourists are travelling farther afield. Although most travellers still visit sites in their

own provinces or neighbouring provinces, they are starting to take longer trips to more distant places.

- New forms of tourism are being introduced. In addition to tours to scenic spots and historical places, tours are now being organized for newlyweds, unmarried young people, physical-fitness buffs, and those interested in visiting the special economic zones, Hong Kong, or Macao.

Domestic tourism has developed as living standards have improved. It has helped invigorate the local economy and the overall national economy. In 1986, the government received 10.6 billion yuan from domestic tourism, 30 percent more than in 1985. Xingcheng County in Liaoning Province, which started to develop tourism in 1984, received 3 million tourists in the first year. A survey of 18 hotels and restaurants showed that the county earned 20

million yuan from tourism in 1984. The Huangguoshu Waterfall in Guizhou Province alone earned 750,000 yuan from tourism in 1985-86. Its neighbouring counties, Gaoshun, Zhenning and Guanling, also increased their income by 6 million yuan.

In 1986, more than 100 new domestic tourist agencies were established, bringing the total to 550. Domestic tourism has thus developed into one of China's tertiary industries. ■

Tailpieces

- A Japanese tourism delegation headed by Koji Kakizawa, a member of the Japanese House of Representatives and Parliamentary Vice-Minister of Transport, visited China January 13-19 at the invitation of Han Kehua, director of the State General Administration for Travel and Tourism.

The Japanese group, Japan's first government tourism delegation to visit China, held talks with a Chinese delegation composed of members of the tourist, civil aviation, railway and transport departments about how to attract more Japanese tourists to China. Both sides agreed that the tourism departments of the two countries should hold similar meetings once every year.

- A forest of steles will be built soon in the Huanghe (Yellow) River tourist spot in Zhengzhou, Henan Province. It will become part of the Huanghe Forest of Cultural Steles and will be listed as a protected cultural centre.

The steles will be carved with the best examples of characters and lines of poetry made by tourists who visit the spot. Visitors will have rubbings and facsimiles of the inscriptions they have requested.

The forest of steles will be located on the cliffs of Mangshan Mountain and will be dotted by miniature trees and rockeries.

Tourists to the Xinghua (Apricot Blossom) Village, Anhui Province, buying woven-bamboo articles and other local products.

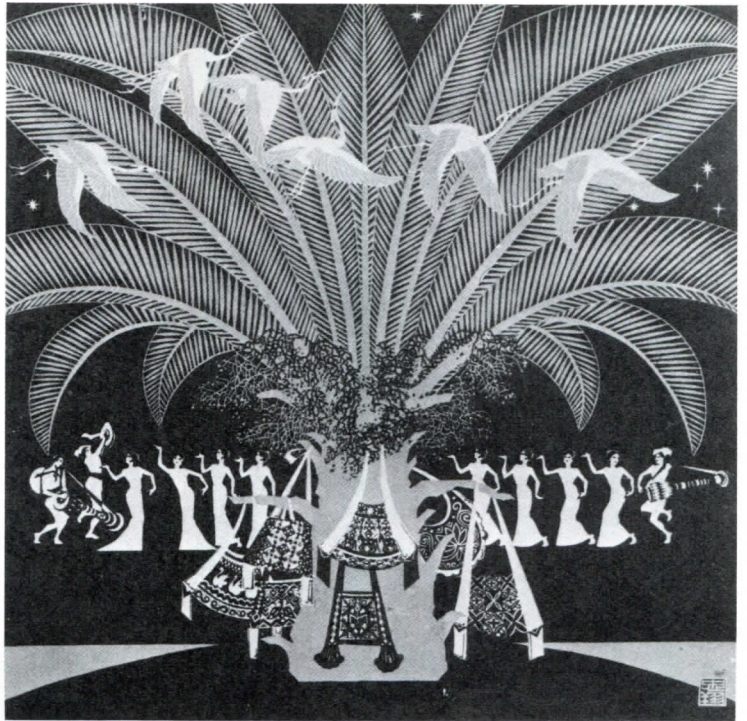
LU XUNCHENG



ART PAGE

Woodcuts by Li Zhongxiang

Li Zhongxiang, born in Chongqing, Sichuan Province in 1940, works at the Yunnan Art studio. He specializes in using a lyric style to reflect the life of the minority nationalities in China, and seeks a modern, ethnic effect.



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