

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

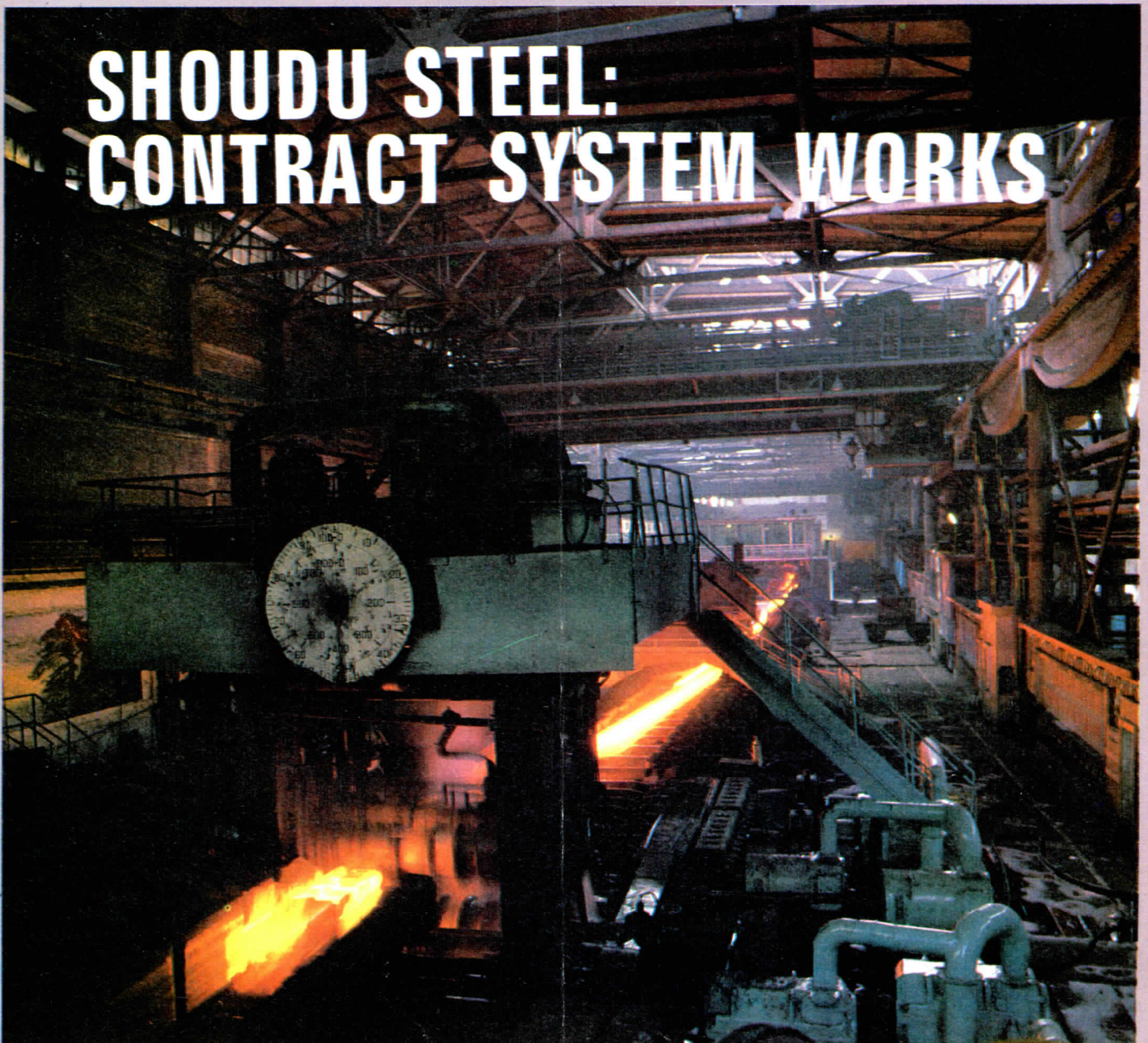
北京周報

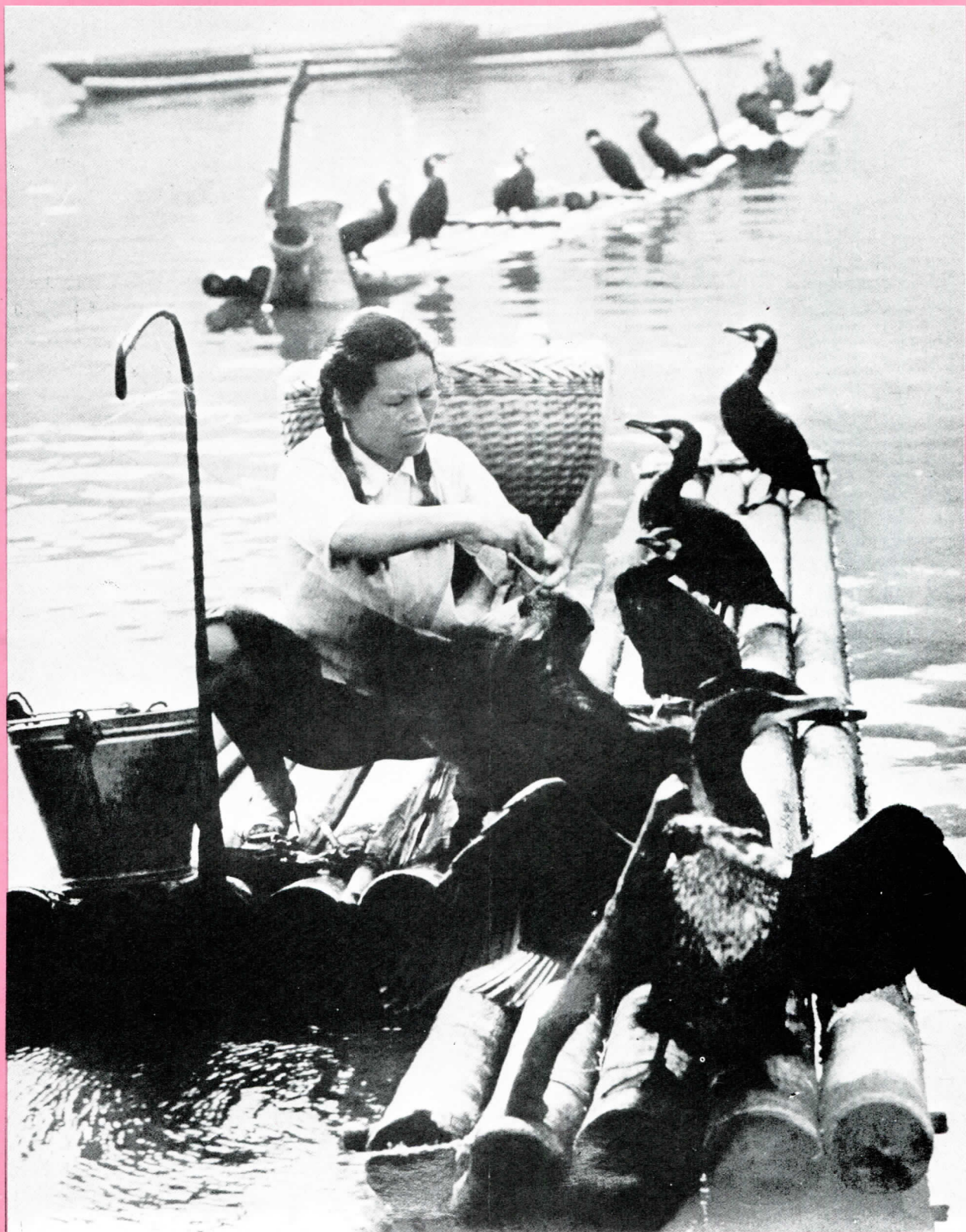
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June 8, 1987

The Glamour of China's Drama

SHOUDU STEEL: CONTRACT SYSTEM WORKS





Osprey Fishing still pays off.

by Shen Yantai



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COVER: A steel rolling workshop at the Shoudu Iron and Steel Company

Xue Chao and Xu Xiangjun

HIGHLIGHTS OF THE WEEK



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Zhao's latest Exposition About Party-Building

■ The Communist Party of China should resist the influence of both bourgeois liberalism and ossification, in order to ensure the implementation of the Party line set in 1978. The Party line has two main concepts: adherence to the four cardinal principles and to the general principles and policies of reform, opening to the outside world and invigorating the economy, said Zhao Ziyang, acting Party general secretary (p. 6).

Struggle Against Bourgeois Liberalization

■ Tremendous changes have taken place in the political and ideological fields since the struggle was launched against bourgeois liberalization. To ensure the smooth progress of reform, opening up and socialist modernization, the struggle is expected to deepen in a sound way. Deepening it means to conduct positive education so as to get the four cardinal principles firmly embedded in people's minds (p. 4).

Contract System in Shoudu Iron and Steel Co.

■ As a pioneer project in urban reform, the Shoudu Iron and Steel Co. began to introduce a new contract system in 1982 which has contributed not only to the state, but has also to the modernization of the company itself and to improved living standards for its employees (p. 14).

Township Enterprises Flourish

■ Small industry, building, transport, commerce and catering—known as township enterprises in China—have developed rapidly in the last few years and become important factors in revitalizing the rural economy. Our correspondent Han Baocheng reports on the situation and problems involved (p. 20).

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Struggle Against Bourgeois Liberalization Deepens

by An Zhiguo

Remarkable changes have taken place in China's political and ideological field since early this year when the struggle was launched against bourgeois liberalization which consists of negating socialism and Communist Party leadership and advocating capitalism. The changes are characterized by the following:

- Disturbances created by some students in a number of cities last winter are gone and campus unrest has calmed down,

- A few persons who publicly preached bourgeois liberalization and refused to mend their ways despite repeated admonitions have been duly punished;

- The Party Central Committee has firmly corrected the attitude of some individual leaders, who, out of weakness, made concessions to the erroneous trend;

- The prevalence of the erroneous trend has been checked;

- People have come to realize its harm and have acquired a better understanding of the importance of upholding the four cardinal principles — the socialist road, the Communist Party leadership, the people's democratic dictatorship and Marxism-Leninism and Mao Zedong Thought. Although the depth of understanding differs from each other, people have, generally speaking, become more clear-headed and have taken a firmer stand on the issue.

- The situation of social stability and unity has been maintained and developed nationwide.

Facts show that the struggle launched by the Party Central

Committee against bourgeois liberalization is necessary. The erroneous trend, if allowed to spread unchecked, would have caused more people to lose their bearings, undermined political stability and unity and made it impossible to carry on economic

Notable achievements made so far in combating bourgeois liberalization do not mean that the struggle will soon be over. On the contrary, it is expected to continue and deepen in a healthy way.

construction, reforms and opening to the outside world; this runs counter to the interests of all the Chinese people. Waging this struggle helps to avoid turmoil and interference and promotes social stability, thereby guaranteeing the smooth progress of reform, opening up and socialist modernization.

Facts have also proved that in China, although only a few are advocating capitalism, their capacity for harm must not be underestimated. The overwhelming majority of people, however, support socialism and the Party.

Facts have also showed that the policies adopted by the Party Central Committee guiding the struggle against bourgeois liberalization are correct. These include the policies of keeping the struggle strictly inside the

Communist Party, of carrying it out mainly in the political and ideological spheres, of directing the efforts at solving problems of political principle and orientation, of not turning it into a political movement and not linking the struggle to economic reforms or extending it to involve the countryside, and of conducting only positive education in enterprises, government offices and army units. These policies have set people's minds at rest and guaranteed the struggle's healthy development.

But the notable achievements made so far in combating bourgeois liberalization do not mean that the struggle will soon be over. On the contrary, it is expected to continue and deepen in a healthy way.

China is still in a preliminary stage of socialism. For historical reasons, its productivity is far lower than that of the developed capitalist countries. Although people have had the first taste of benefits from socialism, the superiority of the new social system has not yet been — nor can it be — brought to full play in a short period of time. Not before the middle of the 21st century when China, through efforts, reaches the level of a medium-developed country, can the Chinese say with assurance that socialism is superior to capitalism. This determines the protracted nature of the struggle against bourgeois liberalization. Prior to this, it would be impossible to require the trend of bourgeois liberalization not to express itself; rather, it will still have a market. However, through ideological



Yang's Visit in North America

A Chinese Government delegation headed up by Yang Shangkun, vice-chairman of China's central military commission, and with State Councillor Fang Yi as its deputy leader began a 25-day visit to the United States and Canada on May 15.

Yang told US Secretary of State George Shultz at a reception in Washington on May 18 that durable and stable friendly relations and co-operation serve both nations' fundamental interests and benefit peace and stability in Asia and the world.

However, Yang noted that "the progress already made in our bilateral relations is far from commensurate with the great potential for the development of friendly co-operation between the two countries" and said "dif-

ficulties and obstacles" in Sino-US relations need to be overcome.

If we rest content with this and mark time, Sino-US relations will lose their vitality," he said. "It is our desire that the two sides strictly abide by the common guiding principles affirmed in the three Sino-US joint communiqués, adopt vigorous measures and keep expanding the positive factors in our relations while reducing and eliminating negative elements so Sino-US relations will develop further on a sound, durable and solid basis."

Turning to the issue of world peace, Yang said China opposes the "arms race in all its forms" and welcomes US-Soviet dialogue. He hoped that US-Soviet negotiations would produce tangible results conducive to world peace.

education and with the deepening of the reform and the superiority of socialism becoming increasingly apparent, the influence of this erroneous trend should and can be gradually reduced. And it is entirely possible to avoid the emergence of a situation where the erroneous trend spreads unchecked, as it did last winter.

Deepening the struggle against bourgeois liberalization does not mean to create a tense political atmosphere, nor to ask everybody to make a self-examination, still less to launch a political movement. The main task is to conduct positive education. Through patient, convincing, vivid, and multifiform ideological exposition, the four cardinal principles will take deeper root among the public, and people will know how to uphold them and oppose erroneous trends.

While conducting positive education at large, Communist Party members holding systematic wrong views will be helped to understand and correct their mistakes through comradely criticism and self-criticism at appropriate Party meetings. Such criticism and self-criticism are obviously necessary in the sense that some Party members violate the Party constitution either in their words or in their deeds. Having recognized and corrected their mistakes, however, they are again worthy comrades. ■

Ronald Reagan meets Yang.

LIU SHAOSHAN



On international economic issues, he said China hopes the international community will pay more attention to bridging the ever-widening gap between the developed and developing countries, and that China and the United States, "each proceeding from its specific conditions," will play a positive role in maintaining world peace and promoting the development of the world economy.

Shultz reviewed recent achievements in Sino-US relations and said, "We wish you well in your efforts to modernize. The United States welcomes the opportunity to participate in this process. We do so in our self-interest and for mutual benefit."

He added, "our relationship is founded upon the three joint communiqués which have guided our ties. Our adherence to them has been firm and consistent. Our policy is based on the principle that there is but one China." However, Shultz also stated that "the issue of Taiwan should be resolved peacefully between the parties themselves," and said this was a "second fundamental principle of the United States."

Yang also spoke on Sino-US economic relations to the US National Council for US-China trade, a Washington-based organization. He emphasized that China's open policy is a "Basic state policy which will remain unchanged for a long time." He welcomed US businesses to invest in China, and said he hoped the United States would avoid trade protectionism and further relax controls on transfers of technology to China.

US President Ronald Reagan said during a meeting with Yang on May 20 that the US government will continue to work for stable development of Sino-US relations. He told Yang and the delegation that the United States will uphold the "one China" policy and oppose the policies of "two Chinas" or "one China, one Taiwan."

Yang said Sino-US relations have been generally good since Chinese Premier Zhao Ziyang and Reagan exchanged visits in 1984.

Yang also briefed Reagan on China's internal situation, which he described as politically stable. He said the economy is showing steady progress.

In Los Angeles, Yang told the Chinese-Americans who gave him a banquet that China is continuing its current political and economic reforms and its open policy. He assured the audience of 800 that China will never allow a return to the kind of chaos that occurred during the "cultural revolution." (1966-76).

At a luncheon hosted by the US-China Society and the National Committee on US-China Relations, Yang said, "China must modernize. However, because China has its own unique national conditions, it won't do for China to copy others' models or become completely westernized. We must blaze our own trails."

He also said that opposition to bourgeois liberalization "is mainly aimed at creating and maintaining political unity and stability so long-term economic construction can be carried out in an orderly manner."

"By opposing bourgeois liberalization," Yang explained, "We don't mean reversing or abandoning reform and the open policy. On the contrary, we will pursue reform and openness further."

He noted that China "will not only continue to carry out the economic reform, but will also begin to introduce the political reform aimed at further developing socialist democracy."

The US-China Society, a private organization founded recently by former US Secretary of State Henry Kissinger, has three former US presidents and many former top government officials among its members.

Yang and his party flew to Vancouver on May 27 for a 12-day official visit to Canada. ■

Zhao Sets Task For Party Building

Top Party leader Zhao Ziyang said recently that the Party should resist the influence of both bourgeois liberalization and ossification in order to ensure the implementation of the Party line set at the Third Plenary Session of the 11th Central Committee in December 1978.

The implementation of the Party line is the basic task of building the Party in the future, said Zhao, acting Party general secretary. He characterized the Party line as "building socialism with Chinese characteristics and realizing socialist modernization."

The Party line, said Zhao, has two main concepts: adherence to the four cardinal principles (socialist road, the people's democratic dictatorship, the Party's leadership, and Marxism-Leninism and Mao Zedong Thought), as well as to the general principles and policies of reform, opening to the outside world and invigorating the economy.

Zhao stressed that these two basic concepts of the Party line are not exclusive of each other but interrelated. "We should not approach the four cardinal principles from the point of view of ossification," said Zhao. "If the four cardinal principles are viewed in a set, conventional way, one could wrongly conclude that the reforms, open policy and enlivening the economy are undesirable." Likewise, he said, the four cardinal principles could be negated if one viewed the reforms, open policy and invigorating the economy from the standpoint of bourgeois liberalism. Zhao pointed out that denial of either would doom both the cause of building socialism with Chinese characteristics and the hope of realizing China's socialist modernization.

Zhao gave these statements at a meeting convened in Beijing May 26 by the Central Party Consolid-

Zhao's East Europe Tour a Watershed

Zhao Ziyang, China's acting Communist Party general secretary and premier of the State Council, embarked on a visit to five East European countries on June 4. The premier's visit to Poland, Democratic Germany, Czechoslovakia, Hungary and Bulgaria will be a milestone in China's relations with the five nations and will be of major political significance, Vice Foreign Minister Qian Qichen told the Chinese fortnightly magazine *World Affairs* before the visit.

Qian, who is to accompany Zhao, said the East European socialist countries were the first group to establish diplomatic relations with the People's Republic of China and these nations helped China during its First Five-Year Plan period (1953-57). After

that, relations cooled.

On the potential for the development of friendly co-operation between China and the five nations, Qian noted that in the past few years relations have developed remarkably and normal relations have resumed between the communist parties of China and the five European countries.

He said China wishes to continue to promote, steadily and actively, friendly co-operation with these countries based on the five principles of peaceful co-existence and on mutual respect and confidence, equality and mutual benefit. Common ground in resolving differences will also be sought.

China is pursuing a policy of opening up to the outside world, including socialist countries, Qian

said. Zhao's visit to the five East European countries will increase mutual understanding, confidence and co-operation, and safeguard world peace. Qian stressed, "We are ready to more widely exchange with them experience on construction and reform."

Since the announcement of the visit was made on May 20, the Polish press has made much of Zhao's June 4-21 visit. *Zycie Warszawy (Warsaw Life)*, a Polish newspaper, said on May 31 that the Chinese premier's visit would mark a maturity in relations between the East European countries and China. The newspaper *Rzeczypolita (Republic)* said in a commentary on May 29 that China has a positive foreign policy that contributes to world peace and disarmament. ■

ation Guidance Commission to evaluate and sum up its experiences over the past three and half years.

Party Consolidation In his main report to the meeting, Bo Yibo, vice-chairman of the consolidation guidance commission, said, in summary, that one of the two major experiences from consolidation, was that the political campaign, that prevailed during the 1966-76 "cultural revolution," characterized by ruthless struggle and merciless blows, has not been practised in the past approximately three-year-long consolidation period.

Bo said the consolidation was successful. However, he said, the work was unbalanced; some of the Party organs did not complete their work, "some even did it superficially," he said.

Bo said Party building was a long historical process. "It is impossible to solve all the problems within the Party through

one consolidation," said Bo.

Zhao said that he concurred fully with the views expressed in Bo's report. Zhao said that despite its shortcomings, the consolidation has accomplished a great deal. Now that this work has been mainly finished, Zhao said, attention should be turned to day-to-day building of the Party.

Speaking of the leadership, Zhao pointed out that in the future when a leader is selected, his or her own qualification should certainly be taken into account. More important, whether the candidate has administrative achievements should be highly regarded. "This should be one of our main standards to select a leader," Zhao said.

In a sense, this was a meeting to prepare for the upcoming 13th Party Congress in the fall. The congress will concentrate on important issues of reform and development, according to Hu

Qili, member of the Political Bureau of the Party's Central Committee and vice-chairman of the consolidation guidance commission.

According to Bo, 33896 unqualified members have been expelled from the Party, including those at the high ranks. For example, during the meeting, Ni Xiance, a former governor of Jiangxi Province, also a former deputy secretary of the provincial Party committee, was announced to be dismissed by the Communist Party Central Commission for Discipline Inspection. The dismissal was approved by the Party's Central Committee.

Ni was expelled for his adulterous behaviour, abuse of power, and violation of Party and the State norms. Ni joined the Party in 1966 when the "cultural revolution" began. He was dismissed as governor of the province last October.

Beijing Sees Fewer Sandstorms

Residents and frequent visitors of Beijing found that this year's sandy spring wind, a disgrace for the capital, posed less of a threat than in previous years.

"Finally, we are seeing some initial success of the afforestation programme and other efforts undertaken to curb the sand problem over the past decades," said Liu Yansheng, secretary of the Natural Conservation Commission of the Chinese Society of Environmental Science. The Beijing people have a long way to go, however, before achieving a complete windbreak and sand prevention. "By the year 2000, we expect the wind will be down to the point which does not harm the people anymore," said Liu.

Spring has been, and still is, the worst season in Beijing just because of the sandstorms. There are several days a year when the city is filled with dust and sand. On these days, you can see many women pedestrians and bicycle riders with scarves wrapping their heads, while some men wear gauze face masks. It's silly to wear white and other light-coloured clothes when the wind comes, as they get dirty easily.

In 1977, Beijing was listed as an area destined to become a desert by the UN Environmental Programme.

It is believed that the elimination of large areas of forest once around the city is one of the reasons why Beijing is so dusty now. People today are suffering as a result of the destruction that began as early as the Song Dynasty (960-1279). And in the following dynasties conditions got even worse when more trees were cut. During this period, Beijing suffered several serious assaults of sandstorms. In 1523, according to a Chinese newspaper, a strong

sandy wind buried pedestrians on the street and killed more than 10 people.

Obviously, Beijing can't change its weather. "We can't stop wind," said Liu. "But we can do something to control sand. People can reduce the dust and sand which is man-made. Industrial pollution and coal for home-heating contribute to the dusty air." Liu thought it "a mistake" to build so many factories around the city during the 1960s and 70s. Now people have to pay the high cost of fighting the pollution, which can aggravate natural disasters, he added.

Now the city has 89,000 hectares of woods plus 47,600 hectares of windbreak forest, which cover about 8 percent of the total area of the capital. "It will take time to make Beijing a green city with little sandy wind," said Liu. "But I'm optimistic, Beijing will never become a desert city as some people predict. On the contrary, it is getting greener, you've seen that."

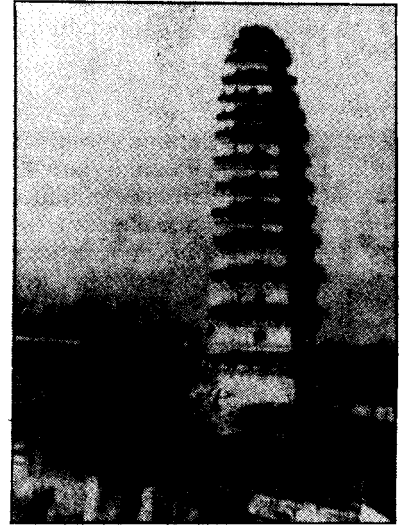
by Li Haibo

Rare Buddha Relics Unearthed in Shaanxi

Following the discovery of the terracotta figures at the Qinshihuang Mausoleum in Shaanxi Province, archaeologists have made another major find—Sakyamuni relics and a galaxy of treasures consecrated by Chinese emperors more than 1,000 years ago.

The four pieces of bones from the fingers of Sakyamuni, the founder of Buddhism, were unearthed from a 31.48-square-metre underground shelter at the Famen Temple, 100 kilometres west of Xian, central China.

Experts who assembled at the temple on May 26-28 to examine and evaluate the find said the remains are the only relics of



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The pagoda in the Famen Temple, under which Sakyamuni relics were found.

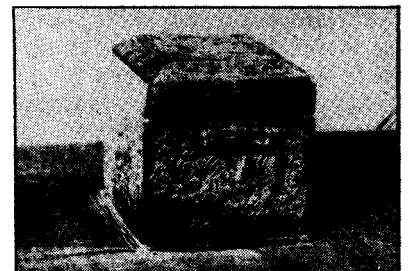
Buddha's fingers in existence. The experts called the discovery a great success and an important event in international cultural life.

The shelter was discovered in March, when workers were rebuilding the pagoda, which collapsed in 1981 after an earthquake and persistent rains. The bones, which are regarded as sacred by Buddhists, were found in four small niches, each covered by several boxes made of iron, gold, silver, crystal, jade and sandalwood.

Along with the remains of Buddha, archaeologists found other rare and valuable relics. They include 121 gold and silver articles, 17 pieces of glazed pottery, 16 porcelain articles, 12 pieces of stone articles, 19 painted wooden articles, 16 iron articles

A gilded box containing the remains.

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and a large quantity of silk fabrics.

Among the gold and silver articles was a 1.96-metre-long staff of superb craftsmanship. It is thought to be the longest monk's staff found so far.

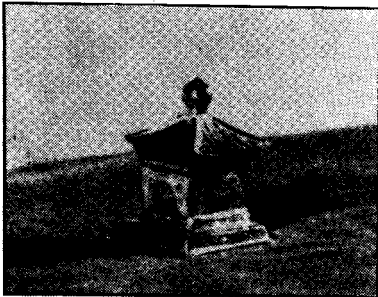
Other rare articles found include a silver bath tub, a gilded tea trough with a swan pattern, and a gilded incense burner in the shape of a sleeping turtle with the lotus flower pattern.

The glazed pottery, including plates, saucers, bowls and vases, is the most important glazed ware found since the founding of the People's Republic of China (1949).

Among them is a large circular dish with a curved rim and maple leaf posy pattern in the West Asian style, which lends a clue to the close ties of China with West Asian states during the Tang Dynasty (618-907 AD).

The innermost container of the Buddha relics, a gold pagoda with a pearl on top.

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While clearing the underground shelter, archaeologists found a tablet engraved with a list of articles presented to the temple by emperors of the Tang Dynasty. According to the tablet, the Tang emperors and empresses presented more than 700 pieces of silk fabric.

The Famen Temple, built some 1,700 years ago in the Eastern Han Dynasty (25-220 AD), was the imperial temple during the Tang and Song period (618-1279 AD), when Buddhism was very popular in China. After the death of Sakyamuni, his remains were distributed to temples around the world, among them the Famen Temple. ■

Weekly Chronicle (May 25-31)

POLITICAL

May 25

■ The Secretariat of the Chinese Communist Party Central Committee and the State Council have decided to readjust the nation's cadre-distribution structure so as to beef up the political science, law and economic regulatory organizations, *Renmin Ribao* (People's Daily) reports.

The decision is aimed at keeping pace with the ongoing economic reforms and streamlining the government offices.

May 29

■ Premier Zhao Ziyang says the basic objective of China's political reform is to establish a highly developed socialist democracy, Xinhua reports.

At a briefing, Zhao tells Goh Chok Tong, the first deputy prime minister of Singapore, that the political reform aims at achieving long-term stability in China, quickening the pace of modernization and motivating people's participation in the modernization drive.

ECONOMIC

May 25

■ An international trade fair opens in Leshan, Sichuan Province, Xinhua reports.

About 15,000 foreign business people will conduct business and watch boating competitions, a local official says.

May 26

■ Farmers in Guangxi Zhuang Autonomous Region have had great success in crop planting, and fish and livestock breeding projects made possible with loans from the World Bank, Xinhua reports.

Since 1984, some 80.2 percent of the counties and cities in the region have been granted loans, which have developed into 819 different projects. ■

CULTURAL

May 27

■ The laboratory of natural resources and environmental information system of the Chinese Academy of Sciences will be open to the public next month, the overseas edition of the People's Daily reports.

It is one of the four principal labs in China now offering services to various scientific research institutions at home and abroad.

SOCIAL

May 28

■ Since its founding in 1982, the Soong Ching Ling Foundation has received donations of funds and materials worth about 15 million yuan from individuals and organizations at home and abroad, according to Wu Keliang, deputy secretary general of the foundation.

Over the past three years, the foundation has tried its best to make good use of these funds and materials for the welfare of children across the country. Last year, the children's hall of science and technology in the Soong Ching Ling Children's Science Park in Beijing was opened to the public. A Soong Ching Ling Children's Scientific Invention Award was also set up last year.

May 30

■ The Ministry of Forestry reports that forest fires continued to threaten northeast China's Heilongjiang Province and the Inner Mongolia Autonomous Region.

In Inner Mongolia, the fire which sprang up again along the Guli forest farm and Xiao'egen River on May 28 has been raging southward.

FOREIGN RELATIONS

May 27

■ China and Bhutan will hold their fourth round of border talks in Thimpu, the capital of Bhutan, from June 8 to 10, Xinhua News Agency reports. ■

AFRICA

Day of Unity and Development

The founding of the Organization of African Unity in 1963 was a milestone in the African movement for national liberation. As they observe the Liberation Day for Africa (May 25) today, the African independent countries have become a major force in the present international arena.

The Organization of African Unity (OAU) has been established for 24 years, and the independent countries on the African continent have numbered 50.

On May 22-26, 1963, the heads of state of 31 African independent countries met in Addis Ababa, capital of Ethiopia and adopted the "Charter of the Organization of African Unity." They named May 25 the "Liberation Day for Africa."

Over the past 24 years, inspired by the spirit of the OAU Charter, the people of Africa have put up an unyielding struggle for national independence. Their cause has been to maintain state sovereign-

ty, strengthen unity against colonialism, and imperialism, and decry South African racism. In 1960 alone 17 African states won their independence from colonial powers. During the 1980s more African countries became independent. To fulfill the historic task of achieving thorough liberation on the whole continent of Africa, the people of African nations wholeheartedly support the struggle of the Namibian people for their national independence and the struggle of the South African people against racism. They strongly condemn the South African authorities for pursuing the policy of apartheid and their crimes of invasion of Botswana, Zimbabwe and Zambia.

Upon liberation from colonial rule, African countries rushed to develop their national economy to consolidate their political independence with economic independence. They have strengthened their economic and regional cooperation. They have established the African Development Bank, the Economic Community of West African States, West African Economic Community, the Economic Community of Central Africa, preferential Trade Areas of East Africa and Southern Africa and other economic organizations to promote the economic development.

On the other hand, a number of developed countries have been shifting the responsibility for the economic crisis to third world countries, and this has seriously hindered the economic development in Africa. To seek a solution to the problem, the OAU has called on African nations to unite with other third world countries to free themselves from economic control and strive for a just and rational international economic order. In 1986 under the initiative of the OAU, the United Nations held a special conference to discuss the African economic problem. The efforts of African countries to revive their economies have drawn the attention and support from the international community.

The African countries and people have in recent years fought against the natural calamities and achieved encouraging success. In the 1980-1984 period African agricultural production increased only 0.1 percent, but by 1985 it had risen by 2.5 percent. Grain output in 1985 increased by 14 million tons over that of 1984. The agricultural production in Africa continued to develop in 1986. Grain output in West African countries was up 50 percent and Zimbabwe and Kenya resumed exporting grain. The Rawlings government of Ghana has encouraged peasants to develop agriculture, and the policy led to a

Chinese State Councillor Ji Pengfei visits an exhibition of African art in Beijing.



bumper harvest in 1984 and continued increase in grain output for the next two years. At present the Ghanaian markets have sufficient grain and the price of grain has been reduced.

A prosperous and thriving

Africa, ready to make a greater contribution to world peace and development, will result from the energetic determination of the African people combined with international support.

by Chang Qing

GULF

Superpower Involvement Causes Tension

The sparks of the Gulf war are spreading so rapidly that the risks are no longer limited to those directly involved.

A US navy guided missile frigate, the *USS Stark*, was accidentally hit by an Iraqi air-launched missile while on patrol in the Persian Gulf on May 17, killing 37 of the 200 American officers and crew members on board. It was the first serious attack on an American warship in the Gulf during the six-and-a-half-year-old war between Iran and Iraq.

Only one day before the attack on the US frigate, a 38,792-ton Soviet oil tanker, one of the three chartered by Kuwait to carry its crude out of the Gulf, hit a watermine 56 kilometres off Kuwait. And ten days earlier, the Soviet freighter *Ivan Koroteyev* was hit by unidentified patrol boats.

Of great strategic and economic importance, the Strait of Hormuz used to carry one oil tanker every 10 minutes. But today only 40-45 tankers a day pass through the Strait due to plummeting oil exports in the Gulf states. Since the "tanker war" broke out in 1984, more than 300 oil tankers and vessels have been attacked and hundreds of crewmen have fallen victim to the war.

Kuwaiti oil tankers have been the main target because Kuwait is said to be on the side of Iraq. After 16 of its oil tankers were attacked and freight expropriated, Kuwait

could do nothing but ask the big powers for protection. The Soviets have leased three tankers to the Kuwaitis, putting them under the protection of the Soviet flag. The US government is also considering authorizing 11 Kuwaiti tankers to fly American flags and gain protection from patrolling US warships.

The US move has worried some congressmen, who fear it will give the impression that the United States is taking sides in the Gulf war. Iran has repeatedly warned the two superpowers to keep away from the Gulf and said it would

not hesitate to attack a Kuwaiti tanker, regardless of whose flag it flies. To embody this threat, Iran has deployed anti-ship missiles on the north bank of the Strait of Hormuz, which has encouraged Washington to send more warships and planes to escort its commercial ships. Meanwhile, some Soviet and other foreign warships have sailed into the Gulf.

Both Washington and Moscow claim that they have to act to protect free navigation. US Assistant Secretary of State for Near East and South Asian Affairs Richard Murphy, when visiting seven Gulf countries in May, warned Iran against attacking US ships, saying Kuwaiti ships flying the American flag would be American ships. The Soviet Union set the same tone: Moscow would retaliate for any attack on vessels flying the Soviet flag.

The statements seem to indicate that direct involvement of superpowers may occur, which worries not only most of the Gulf countries but also the world. It is common knowledge that any regional war, though taking place in zones of strategic importance, would not become internationalized without the direct involvement of big powers.

by Xin Di

INDIA

Punjab: Violence Continues

The turmoil in India's Punjab state, caused by religious, economic and partisan differences, which has lingered on for several years, seems unlikely to end soon.

Disturbances in India's Punjab state became front-page news three years ago after bloody violence erupted in the Golden Temple. Today, the situation is

getting worse; bloody clashes between Sikhs and Hindus occur frequently. In order to put an end to the turmoil, the Indian government dismissed the state's

assembly on May 11 and put the state under direct presidential control. Later, 70,000 government soldiers and police were deployed to the Punjab region. To date, some 800 people in the state, including two ministers of the local government, have been arrested by the police.

Situated in the northwest of India, the Punjab state covers 50,000 square kilometres with a population of 18 million. As a major residential area of Sikhs, the state houses two thirds of India's 14 million Sikh population. Clashes in beliefs produce feuds between Sikhs, Hindus and Muslims, and the factions frequently turn to violence. Between August 1982 and June 1984, some 1,200 violent clashes erupted in the state, leaving more than 1,500 people dead or injured.

Economic imbalance is another reason for the frequent conflicts in the state. Agriculture in the Punjab state has flourished since the "green revolution" beginning in 1966. Nevertheless, the "green revolution" has profited only the rural Sikh landlords and farm owners while most of the Hindus in the countryside still live in poverty. The Hindus in cities, mostly shop owners and usurers, have control over major industrial and commercial sectors while believers of the other religions are comparatively poorer. These economic differences among religious factions have resulted in sharp conflicts.

The discord between the Akali Dal Party of the Sikhs and the central government has also contributed to the instability in the Punjab. In 1981, the party made 11 requests of the government, one was for sole control of the city of Chandigarh, which had been in common authority of Punjab and other neighbouring states. However, none of these demands were met. In June 1983, the Indian government sent troops to attack at the Golden Temple, during which the Sikh leader Jarnal Singh Bhindranwale was killed.

Since the relations between the central government and the Akali Dal Party further deteriorated.

The Indian government changed its policies towards the Akali Dal Party after Rajiv Gandhi took office in 1984. The new Indian government signed an accord with the Akali Dal Party in 1985, which was designed to mitigate the tension in the Punjab state. However, the Sikh extremists again resorted to violence before the accord became effective.

It is estimated that more than 300 people have been killed in terrorist activities this year. Tens

of thousands of Hindus have fled their hometowns to avoid being killed. The Punjab unrest is the greatest headache facing the Indian government, and has seriously affected industrial and agricultural production in the state. Prime Minister Gandhi said recently that instead of being weak in handling the extremists in the state, the government would employ a strengthened "steel fist," if necessary. In response, the Sikh extremists have established an organization to oppose the government. The turmoil in the state of Punjab seems unlikely to be soon settled.

by Hao Zhangyin

GDR

Steady Development of Economy

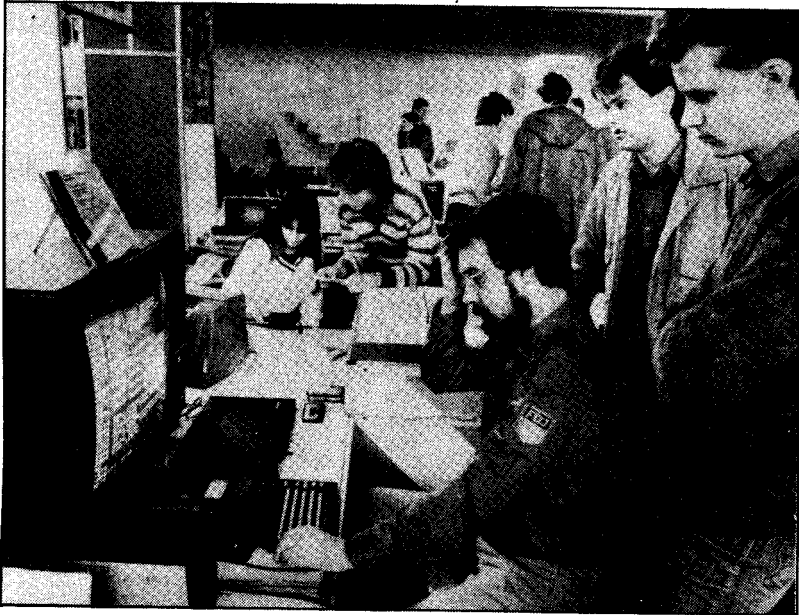
The German Democratic Republic (GDR) has achieved great economic progress with its national income increasing year by year.

The economy of the German Democratic Republic has been developing steadily since its founding in October 1949. In recent years, its national income has been increasing at an average rate of 4-5 percent each year and expected to continue to do so during the new Five-Year Plan period (1986-90). A highly industrialized country, GDR turns out about 300 million tons of brown coal a year, which can meet 70 percent of its domestic need for primary energy. Its annual output of steel has reached 9 million tons, of which 81 percent is high-quality steel. Its annual output of cement is 11.6 million tons.

The high increase in national income and the rapid development of its economy are attributed to its effort to increase labour productivity and reduce costs of energy and materials. Its 1986 productiv-

ity increased 8.8 percent while costs were reduced 1.7 percent as against 1985. Its total industrial output value increased 4.3 percent and its net industrial output value was up 8.3 percent.

Efforts to introduce new techniques and skills in production on an extensive scale have also played an important role in promoting the development of GDR's economy. In the early 1980s, the micro-electronic techniques were something completely new for GDR. But now GDR has become one of the few countries in the world which can develop microchips and other kinds of highly sophisticated equipment. It has mastered 17 kinds of basic micro-electronic techniques and can turn out more than 600 kinds of microchips. In 1986 its output of computers for both individuals and offices increased 148 percent



Innovations by GDR students, young workers and technician draw wide attention.

over 1985. The micro-electronic techniques have been applied widely in the fields of textile, printing and machine-building.

The scientific and technological development has also promoted agriculture and livestock. GDR has widely used computers and other new technical skills in its more than 4,000 agricultural and livestock producers' co-operatives and about 200 state farms. The country is self-sufficient in food and meat. The annual average output of grain during the period from 1981 to 1985 was over 10 million tons. The grain output in

1985 set a historic record of 11.6 million tons. The output of meat increased from 1.6 million tons in 1970 to more than 2.5 million tons in 1985. The annual per-capita consumption of meat amounts to 96 kilogrammes.

Now the people of GDR are implementing the new Five-Year Plan, fully confident of victory. In five years, national income is expected to increase 24-26 percent, labour productivity by 49-51 percent, and real income of the people by 20-23 percent.

by Li Li

LEBANON

Karami's Assassination Condemned

The assassination of Lebanese Prime Minister Rashid Karami has aroused strong condemnation throughout Lebanon.

Lebanese Prime Minister Rashid Karami died on June 1 after a bomb placed under his seat exploded in the helicopter taking him from his stronghold in northern Lebanon.

President Gemayel called a

week's mourning and ordered that a special committee be set up to investigate the incident.

Former President Camille Chamoun denounced the assassination. The country cannot be

governed by terrorist methods but by understanding, he said.

"I strongly condemn the incident, especially since I myself have been the victim of many attempts for political reasons," Chamoun told reporters.

"In spite of his pessimism," Chamoun said, "Karami has always been a believer in dialogue among all parties."

Christian Kataeb Party (Phalang) leader George Saadeh, who held an emergency politburo meeting, condemned the "merciless assassination." After the meeting, Saadeh went to the hospital to call on Interior Minister Abdullah Al-Rassi and others who were wounded in the attack on Karami. The Christian militia Lebanese Force said that despite the differences of opinion with the late premier, he was highly respected as a statesman. The Lebanese Force offered its condolences to the Karami family.

Muslim political and spiritual leaders were angered by the incident. Hassan Khaled cut short his visit abroad to return to Beirut. Saida Bazri described the assassination as a brutal crime and called for a national day of mourning in south Lebanon.

Karami's body was sent back to his stronghold of Tripoli where thousands of people gathered in the streets, demonstrating their grief and anger at the assassination.

Karami was the established leader of the Sunni Muslim community in the northern city of Tripoli, where he was born. He was Lebanese premier 10 times. He last became prime minister in 1984 when Gemayel agreed to appoint a government with equal representation for Lebanon's rival groups.

Last month, Karami said he was determined to resign from his office in the light of the continued deterioration of the country's political situation and economy.

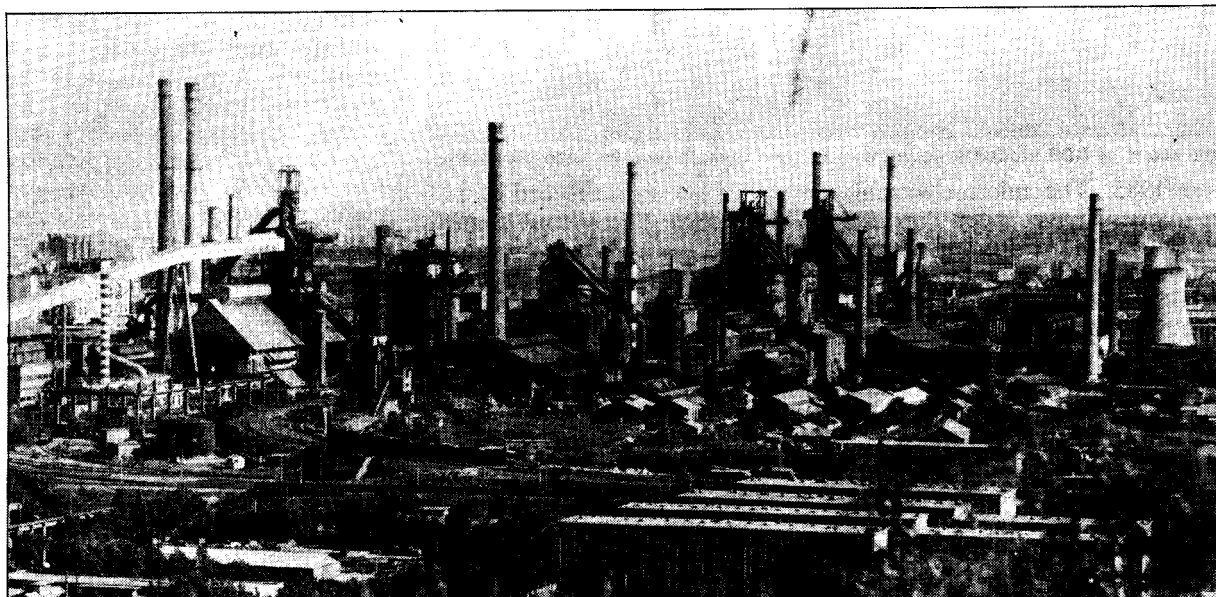
Karami's resignation was not accepted by Gemayel.

by Xing Chuanting.

Contract System: Shoudu Iron and Steel Co.

This year, China's emphasis in its economic reforms is to expand and diversify the contract responsibility system in large state-run enterprises on the principle of separating management from ownership. A contract clarifies the responsibilities, rights, and rewards of the factory directors, the employees and the departments in charge. This article describes a new kind of contract system, run by the Shoudu Iron and Steel Company—a state-owned enterprise with over 100,000 workers and staff.

by Yang Peixin*



Full view of the Shoudu Iron and Steel Company.

WANG HONGJI

China's economic structural reform, which began in 1979, is aimed at eliminating the over-concentration of power, the practice of "everyone eating from the same big pot," and the total divorce from market forces which prevailed before. At the same time the reform is meant to give enterprises the status of independent commercial producers, so as to promote China's economic and

technical development and raise the people's living standards.

This reform began with the household responsibility system in the rural areas to very good effect. It kept the concept of nationalized land and has brought prosperity through farmers' own labour by allowing independent operation and more pay for more work. It also provided lessons for the urban reforms.

Although state-owned industrial enterprises are much more complex than rural collectives, the basic principle of the household

responsibility system is also applicable to industrial enterprises. In recent years, different forms of economic responsibility system have been set up gradually in the cities, of which, a new type of contract system was applied in the Shoudu Iron and Steel Co. It signals the way forward to a prosperous future for all the 400,000 enterprises in China. Any enterprise using its decision-making power well will contribute not only to the state, but to the modernization of the factory itself and to improved living standards for its employees.

* The author is a professor of the China People's University, and a researcher at the Economic, Technical and Social Development Research Centre under the State Council.

Effect of the Contract

To explore the best possible way to reform in the cities, the Chinese government in 1982 allowed the Shoudu Iron and Steel Co. to carry out this contract system, which entailed the following:

1) Profits handed over to the state were required to increase 7.2 percent annually — the base figure was the profits submitted in 1981. Any profits over this amount be kept by the enterprise.

2) Of that excess profit, 60 percent was to be used as expansion funds, 20 percent as collective welfare funds, and the rest as bonuses for the employees.

3) Assets' depreciation was to be handled by the enterprise which was to get no financial assistance from the state in this regard.

4) The total payroll was to be linked up to the profits, that is, every 1 percent increase in profits should mean a 0.8 percent rise in the payroll.

In 1986, the steel company produced 2.519 million tons of rolled steel, 115.5 percent more

than in 1978. During the same period, the growth rate in other iron and steel enterprises averaged 49.86 percent. From 1981 to 1984, the steel company's average annual output value increased 25 percent, ranking first among the 11 steel and iron enterprises affiliated to the Ministry of Metallurgical Industry.

The profit and tax produced by every 100 yuan invested increased from 21.96 yuan in 1978 to 60 yuan in 1986. The profit and tax contained in every 100 yuan of output value were 54.42 yuan in 1985. The cost of producing pig iron and steel was the lowest in the country.

During the Sixth Five Year Plan period (1981-85), the steel company carried out equipment updating with its own expansion funds. It invested 320 million yuan in the project and reaped 470 million yuan in returns. Each yuan produced 1.45 yuan in returns, while during the same period in the rest of the country, each yuan of re-equipment investment yielded only about 0.4 yuan. Over

60 percent of the company's investment was recouped in two years.

The average wage of an employee in 1978 was 47.74 yuan a month; in 1986, it was 100.67 yuan. The monthly income including bonuses averaged at 61.15 yuan in 1978, and 161.5 yuan in 1986, a 2.64 times increase. Annual bonuses were equivalent to 5.7 months' average wage in 1986.

The steel company has also done much building. The living space for each employee has expanded from 2.69 square metres in 1978 to 6.07 square metres in 1986.

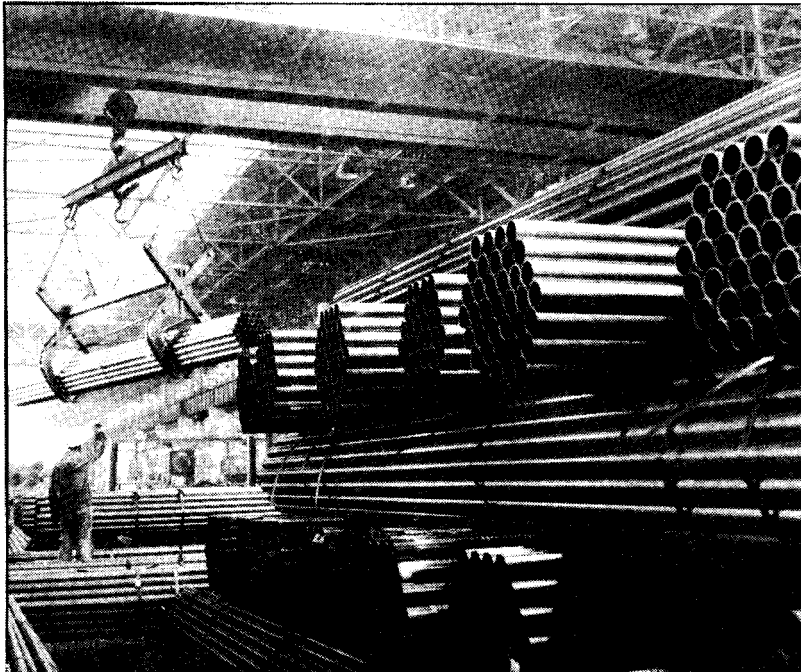
Notable results have been obtained in improving the environment. The monthly dust fall in the factory area dropped from 242 tons in every square kilometre in 1978 to 51.64 tons at the moment. Tree cover has expanded from 6 percent in 1978 to 29 percent now.

Its employees got more pay by creating much more profit. The average profits and tax produced by each employee increased 3-fold from 4,717 yuan in 1978 to 14,396 yuan in 1986. An increase of one yuan in the wage of each worker is backed by a 7.66 yuan increase in profits. The proportion of the wages in the total amount of profits dropped from 15.45 percent in 1978 to 13.46 percent last year. In that period, the profits generated by each worker increased at an average rate of 14.97 percent a year, and the total payroll increased by an average of 12.9 percent annually.

It is clear that this contract system can increase workers' income, and ensure that the company will not spend more money than it has. The rapid development of the steel company in these years is not due to increase in labour force, but to relying on equipment updating — thus raising productivity. From 1979 to 1986, some 44.1 percent of the steel company's profits was due to improving the quality of the products, 39.8 percent to in-

A view of the tube mill

WANG HONGJI



creased sales, and 15.7 percent to reducing production costs.

The steel company relied on upgrading equipment rather than purchasing huge new pieces of equipment to expand its production. For example, it had three 30-ton steel-smelting furnaces with a designed capacity of 600,000 tons, but through technical transformation, this was increased 3.5 times to 2.1 million tons in 1986. A 850-model rolling mill now has a billeting capacity of 1.94 million tons, 4 times its original designed capacity.

Controversy

This new system was successful but led to disputes. People brought up the anomaly that the steel company was keeping a large part of its profits and violating the principle that "the state gets the largest portion" (in sharing profits). Others said that the employees were receiving much more welfare payments and bonuses than their counterparts in other enterprises of the same industry; and that the company raised funds to expand production

so as to move out from under state control.

In fact, the money the company paid over to the state increased rapidly. In 1978, the steel company gave its profits of 360 million yuan to the state, while in 1986, the company handed in 880 million yuan, 2.39 times as much. During the Sixth Five Year Plan period, the profits turned over to the state increased at an average rate of 7.2 percent annually; tax on sales rose by an average rate of 19.83 percent, so the total money the company turned over to the state increased at an average rate of 15.1 percent a year, exceeding the annual rate of 10.3 percent at which the state's revenue increased during that time.

In the 30 years before the reform (1949-78), the steel company turned over 2,726 million yuan of profits to the state, and 903 million yuan in taxes, totalling 3,629 million yuan. Meanwhile, the state allocated 2,072 million yuan to the company. The state was 1,557 million yuan better off. While in eight years since the reform (1979-86), the company handed in 4,920 million yuan of profits and taxes as well as other fees, and spent 900 million yuan on fixed assets, so the state actually gained 5,820 million yuan.

In the years 1981-86 there was a 20 percent annual increase in profits. Of this extra money, 2.54 percent was used for bonuses, the rest (17.46 percent) was turned over to the state. How can we say that the state did not get the largest portion?

The point at issue actually is whether the company should have handed over the invested 900 million yuan to the state or not. By the old system, it would have turned the money over, but with economic structural reform, and improving the performance of enterprises as our priorities it is obviously better to let the steel company keep the money. Without it, the company would not have been able to update its

Computer production line.

WANG HONGJI



equipment, much less to increase its profits by 7.2 percent a year.

Choice

There are two attitudes to be taken here. One is negative, saying that any expansion in production should be monopolized by the central government and the profits, if any, be turned over to the state. This reasserts unified state control over income and expenditure, leaving any improvement in the living standards of the employees to state grants, and depriving the better enterprises of more welfare and bonuses. It also reaffirms the "big pot" system so that it is difficult to motivate

workers. Thirty years' experience has proved that this can only hamper the development of productivity. This is a major reason China has not advanced beyond its backwardness and poverty.

The other attitude is positive, maintaining that the excess profits (after fulfilling the state plan and turning over the pre-arranged profits-tax to the state) should be kept by the enterprise, giving the enterprise the right to expand its own production and improve the living standards and welfare of its employees. This will enable the enterprise to improve its performance and acquire more money to improve its equipment and expand

production. Experience shows that this benefits the state, the enterprise and the workers.

Premier Zhao Ziyang has said that to enliven enterprises contract systems and leasing could be used. According to a survey, many big and medium-sized enterprises have not improved their performances because of short supply of raw materials and electricity, price rises, shortages of cash or high costs. There are also problems of management. Zhao added that the contract system of the Shoudu Iron and Steel Company is of significance in enlivening big enterprises, so it is necessary for us to affirm, develop and spread it. ■

Charm of Chinese Operas Discussed

The recent Beijing international symposium on Chinese operas was the first time Chinese and foreign scholars joined together to discuss this unique cultural phenomenon.

by Our Correspondent Wei Liming

Inspired by *Yu Tang Chun*, a classical Chinese opera about Su San, a prostitute, and her lover, a young opera researcher Liu Nianzi went in 1965 to visit the prison where Su San was locked up and her former home in Hongdong County, Shanxi Province. There he learnt that there were many 500-year-old opera stages in the county. He hired an ox cart and set out to search for them. He found a huge mural of a classical performance in a deserted temple. The mural, five metres high and three metres wide, was painted in the first year (1324) of the reign of Emperor Taiding during the Yuan Dynasty (1271-1368) and proves that the operas of the Yuan Dynasty were popular in north China's rural areas at that time.

Now a research fellow at the opera institute, Liu read a paper entitled "Chinese Opera Relics" at the International Symposium on



WANG JIANMIN

Well-known opera theorist Ah Jia delivering a speech at the symposium.

Chinese Traditional Opera Arts. About 80 people were in attendance: 58 Chinese experts from across the country and Hong

Kong and 18 scholars from Europe, North America, Australia and Japan.

At the symposium they discussed the aesthetics of Chinese opera and the trend of their development, compared Chinese and other operas, research being done overseas and other issues. The 76 papers will be compiled into a book carrying the title of the symposium.

Artistic Characteristics

Ah Jia, a well-known opera theorist, talked about how the actors must express through their singing and dancing the wide realm of life depicted on the limited stage. In the Chinese operas all feelings and inner thoughts are expressed with stylized movements and confined within the rules of the form. So, without accomplished skill, there

can be no portrayal. Chinese opera demands of its performers not only that they get inside and demonstrate the psychology of the parts they play but also to control their roles strongly and clearly.

Research Achievements

During the symposium, Yu Lin, president of the China Institute of Theatrical Art, introduced China's achievements in the field of opera research in the last few years.

General History of Chinese Opera, a book edited by vice-president of the China Dramatists' Association Zhang Geng and opera theorist Guo Hancheng was published in 1981 after 20 years' efforts. It explores the development of Chinese opera through the study of the relations between classical operas and politics, economy and culture across the ages. It is a huge, rare work of operatic history.

The researchers of the opera are now compiling a volume on modern Chinese opera for the *Modern China Series*. It is about the opera's contemporary history



WANG JIANMIN

Zhang Geng (left) and Guo Hancheng (right), famous opera theorists who acted as hosts at the symposium, with the well-known "kunqu" opera actress Zhang Jiqing.

and will record the development of the opera arts after the founding of New China in 1949. It is seen as a foundation for a larger book on the modern history of Chinese opera.

The compilation of a huge book *Annals of Chinese Operas* is underway. Almost every part of

the mainland has set up its own compilation groups made up of over 5,000 researchers. The compilation is expected to be finished in 1990.

Theoretical research of Chinese opera is in its beginning stages. The China Opera Research Institute is editing a comprehensive work *On the Chinese Opera*, too.

Examining the present state of Chinese opera is a lively issue at the moment. Yu said there are many subjects to be studied: what role is there for Chinese opera in building socialist civilization, how to carry out the policy of simultaneous development of traditional operas, new classical operas and operas with modern themes, how to better apply the principle of "letting a hundred flowers blossom, weeding through the old to bring forth the new."

Cyril Birch (middle) from the United States, Tanaka Kengi (speaking) from Japan and Dana Kalvodova (left) from Czechoslovakia present a plaque to the symposium to convey their thanks.

WANG JIANMIN



Worldwide Study

A brightly coloured mask slide projection is typical of Chinese opera masks, but is in fact a mask of the Kerala Sanskrit opera of India. The speaker, in fluent Chinese, is Ms. Helga Werle-

Burger from the Federal Republic of Germany.

Ms. Burger was first attracted to Chinese opera when she saw *The Jade Bracelet* 20 years ago in Europe. In her paper on the Chinese and Indian operas, she explained that the Indian opera which is popular in southwest India and the opera of the southeast coastal regions of China have influenced each other since ancient times. Communications went across the sea from Kerala to Wenzhou via Quanzhou. She compared the staging techniques, props, costumes (together with ornaments), and the role and performance conventions of both operatic forms. The Chinese scholars in particular found her paper very revealing.

Wilt L. Idema, a Chinese literature professor of the Sinological Institute in Leiden, Holland, spoke about the inspiration the collapse of China's Ming Dynasty gave to European artists to write novels and plays. They saw the occupation of Beijing by the Manchu as a second battle using the tactics of Trojan horse. They staged in Europe the tragedy of the last Ming emperor, who hanged himself on a tree on a hill behind the Forbidden City in Beijing, the stories of the Ming general Wu Sangui and of Li Zicheng, the leader of the peasant uprising.

Jacques Pimpauau, president of the Musee Kwok On of France and a professor of oriental languages, examined the differences between the Chinese and Western operas in his paper "A Foreigner's View of Chinese Opera." He believes the reason foreigners find Chinese local operas interesting is a common characteristic they have with Western opera—the plot is necessary but not dominant. "The ideology of the Chinese opera," he said, "the main factor which makes the opera a great artistic form, does not exist with the plot but is embraced in the art of the operatic language. It is an

important lesson which we have learnt from Chinese opera."

He believes that before Brecht's proposal of the "epic opera" China's classical playwrights had written operas about its history of 2,000 years, which were not oversentimental nor exclusively concerned with their propaganda value. A penetrating study of Chinese and Western operas would show, he said, that Chinese opera shares more in common with the Western operas than is generally thought.

Hatana Taro from Japan who has annotated Yuan operas and collected opera material felt that Chinese opera workers neglect careful study of the various classical opera versions, and settle for an understanding based exclusively on the live performance. Already 75 years old, Hatana said, "There are some 100 Yuan operas. I want to annotate them all, but I fear I may not have enough time."

Vladiav F. Sorokin, a Chinese opera researcher and a professor at the Institute of Far Eastern Studies under the USSR Academy of Sciences, said that although the Chinese opera students are few in the Soviet Union, they publish not a few. At present the Soviet Union is publishing a 40-volume work *Chinese Literary Treasures*, which includes the operas of the Yuan and Ming dynasties (1279-1644).

Understanding Improved

Colin Patrich Mackerras, a professor from the Griffith University in Australia who has published five works on Chinese opera, analysed the restriction the Qing Dynasty ruling classes placed upon the operas' development at the time.

Mr. Mackerras once saw a Chinese opera when he was young but became much more involved when he came to China to work in the 1960s. He said he has learnt much from the symposium. Although he has written about

opera, specifically the opera about the Taiping Heavenly Kingdom (1851-64) set up by the uprising peasants, he said he gained new ideas from the papers read.

After watching a *kunqu* opera Ms. Lindy Li Mark who works at the California State University and was born into a *kunqu* opera acting family, commented that some of the movements of the female characters differed from what she had seen abroad before. Ms. Elizabeth Wichmaan from the University of Hawaii, who is famous for staging the Beijing opera *The Phoenix Returns to Its Nest* in English, both in China and in the United States, responded that that was not strange. Most operas are changing and developing and it is a healthy trend which shows the creativeness of the performers and directors.

Ms. Mark told of the time when Beijing opera masters Mei Lanfang and Yu Zhengfei played a loving couple in the *Story of White Snake*. Yu, playing the husband, knelt down to make a confession, too close to Mei who was to touch his head with her finger. However her touch sent Yu toppling backwards and Mei immediately helped him up. That impromptu gesture so expressive of the love between the couple has become a standard part of the action later on. "So no stylized movement is unchangeable," Lindy Li Mark said.

This conference has promoted the understanding between the Chinese and foreign scholars and benefitted both of them. Ye Changhai, an opera researcher from Shanghai, commented, "All the papers at the symposium both by the Chinese and the foreigners were well written." He added that the dedication of the foreign researchers boosted the confidence of the locals to develop the Chinese operas.

Ye said he was much impressed by the foreign researchers' level of appreciation, care and sensitivity towards the Chinese opera arts. ■

2ND-STAGE RURAL REFORM (IV)

Industry Becomes Important in Countryside

by Our Correspondent Han Baocheng



XUE CHAO

Workers of the Sumuhe Ginseng Wine Brewery in Heilongjiang Province checking quality.

Rural enterprises—small industry, construction, transport, commerce and catering—have developed rapidly in the last few years and become important in the rural economy. In 1986 there were 12.2 million such enterprises, including 1.5 million at the village level (previously production brigade) or above. These rural enterprises' total output value in 1986 was 348.2 billion yuan, an increase of 22.3 percent over 1985, and in proportion to total rural output it was 46.9 percent, up from the 42.9 percent of 1985. Employment increased to 76 million from 67 million of 1985 and accounted for 20 percent of the total rural labour force.

During the Sixth Five-Year Plan period (1981-85) these enterprises raised 6 billion yuan for rural production, which is three times the state investment in rural capital construction for the same period. They also were the source of 23.2 billion yuan for cultural, educational, medical and welfare provisions as well as for building market places in rural areas.

Beginning & Development

These rural enterprises often developed from traditional crafts workshops following the founding of the people's communes in 1958. At the beginning they were

commune- or brigade-run enterprises, established with the collective accumulation funds to absorb rural labour for making or repairing small farm tools and processing mostly grain and edible oils.

In the mid-1970s these enterprises accounted for 15 percent of the rural economy. They produced for local people with local raw materials. At first they made more profits than cultivating crops and seemed very promising but their development was held back by "leftist" policies.

Since the rural economic reform began in 1979, these enterprises have expanded since the restrictions were lifted.

During the Sixth Five-year Plan period the total output value of these rural enterprises multiplied 3.5 times and their employment increased from 35 million to 67.14 million. The fixed assets of township and village enterprises multiplied 3.3 times and their profits doubled.

Rural enterprises are run by townships or towns (the people's communes before 1983), by villages (previously brigades), by teams (previously production teams), by several households together or individual households. The industrial output value of the township and village enterprises is included in the nation's total output calculations and the rest is calculated as part of rural sideline production.

With no state assistance these rural enterprises raise their funds themselves. Local governments and agricultural banks treat them favourably in taxation and loans and the township enterprise administration bureaus under the state and local departments of

farming, livestock breeding and fishing offer them guidance.

However, these enterprises are developing in an unbalanced way. In general they flourish in the coastal and flatland areas, but in mountain and remote areas they are hampered by limited funds, technology, markets and transport. In Yantai, a relatively better-off area in Shandong Province,

some villages have a dozen enterprises providing 80 percent of the villagers' income. But in the poor Linyi area some townships have no enterprises at all and they all need state funds and technology.

Rural enterprises are divided into four categories: one turns out products for local needs (local product processing, tools, clothes,

household goods, building materials, construction, food, repairs, transport); the second, located mostly on the outskirts of the city, co-operates with urban factories in processing components and parts; the third produces traditional woven works and embroidery; the fourth category covers enterprises mining as permitted by the state.

These enterprises are not only growing in importance in the rural economy, but are also increasingly prominent in national economic construction. In 1985 township and village enterprises produced 227 million tons of coal (or 28.9 percent of the nation's total), 50 percent of the nation's clothes, and 53 percent of the country's building materials output value. There were 7.9 million construction workers, 60 percent of the nation's total. In 1985 these enterprises exported US\$4 billion worth of goods, and 870 of them have co-operated with foreign businesses.

Zong Jinyao of the Township Enterprise Bureau of the Ministry of Agriculture, Animal Husbandry and Fishery said, "The burgeoning rural enterprises are changing farmers' lifestyle and thinking. Their traditional way of life: going out to the field at sunrise and coming back at sunset is changing. Farmers who have taken up industrial production and trade have learnt about marketing, pricing, production costs, competition, efficiency and information. This really marks a new epoch."

There was a survey of 200 big township enterprises in 10 provinces. This showed that they had been in existence for an average of 10 years and eight months by the end of June 1986. During this period their annual output value had increased 29.5 times and their fixed assets were worth 29.2 times more. They averaged a total capital of 3.7 million yuan each, 6.5 times as much as in the first years of their operation. They employed an average of 350 workers each, four times as many

Children's summer sleeping mats produced by farmers in Wujiang County, Jiangsu Province, are available in some 20 countries including France, the United States and Japan.

ZHANG FENGGUO





LI YUZHANG

At work in the Dongfang Foamed Plastics Factory on the outskirts of Shijiazhuang, Hebei Province.

as they did at first. They purchased 63.7 percent of their raw materials on the market, some they bought from the state, and the rest was supplied by their customers. About 77 percent of their products they sold themselves and the rest was purchased by the state. So their production has not been limited by the state plan. They are growing quickly.

Owing to wide disparity in price between industrial and agricultural products and cheap labour, these sample enterprises made high profits. In 1981 they averaged 64.5 yuan in profits for every 100 yuan invested in fixed assets while in 1985 the profit was 47.5 yuan since the price of raw materials had increased. These enterprises have an average of 1.2 million yuan of fixed assets each.

These rural enterprises hand 26.3 percent of their profits over to the state in income tax, accounting for 56.1 percent of the tax revenues of the townships where they were located in 1985.

They also hand 28.6 percent of the profits to the township governments and villagers' committees for the accumulation fund and public welfare fund.

They retain 31.9 percent themselves (state-owned enter-

prises retain only 16 percent), of which 77 percent is used to reinvest in expansion of production (60 percent in the state-sector) and 23 percent for collective welfare and bonuses (40 percent in the state sector). They keep the rest for incidental expenses.

The survey shows that 88 percent of employees in these enterprises are rural people, the rest urban. Each of these worker families has an average of 2.82 able-bodied men, with 1.64

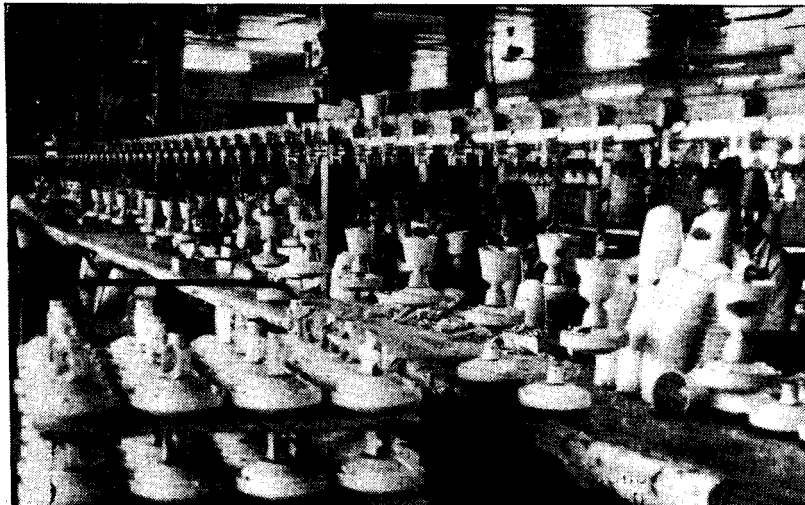
persons working in rural factories and making 63.6 percent of the family's total income. As many as 91 percent of these households still have contracted fields which supply them with their grain needs and 71 percent of enterprise employees take part in farming during the busy seasons.

The survey shows that 66 percent of the machines in these enterprises were bought in the 1980s and 26 percent in the 1970s. In 1985 their fixed assets increased 47.8 percent over the previous year. But at the same time 57.1 percent of them were in debt. By June 1986 the figure dropped to 52.6 percent. This is a manifestation of the "overheated" economy in late 1984 and 1985. But the directors and managers of the enterprises surveyed did not worry about their debts and were confident about their future, because they believed that later they would make profits and bring income to their investors.

According to the survey in 1985, about 7.44 percent of these 200 enterprises had to stop their production. The reasons varied: 30 percent because of money problems, 22 percent because of raw materials shortages, 21 percent because they would not find buyers and 8 percent because of electricity shortages. Some

A workshop of a village-run electric fan factory in Shunde County, Guangdong Province.

UDMAIL DIAUH



enterprises caused significant pollution. All these problems should be solved through improved management and environmental protection.

Responsibility System

The management of these township enterprises has been improved in the last few years. Following the principle of delegating the management power to the individual units and drawing from the experiences of the household responsibility system, the township and village enterprises have introduced a responsibility system of their own and were contracted out to the individuals without changing their collective ownership.

Most of these enterprises are contracted by groups of workers, with the established directors being responsible for their operation. Some small factories are contracted by the directors themselves or the directors and their colleagues. The contract period always lasts for three or five years.

The body which contracts the enterprise out will provide means of production and management. Before the enterprise is contracted this body checks the books and after that provides economic and technological information to the

contractors and helps them find raw materials suppliers and markets for their products, helps make contacts with other organizations and even offers guarantees for the enterprise if necessary. At the same time it also guides and supervises its operation in policies and orientation.

The contractors must follow state policies and abide by the laws and regulations. They must fulfil the tasks stipulated by the contract and pay taxes and debts, guarantee safety in production and see to proper labour and environmental protection. They must also use the capital and equipment well. The contractors have their own decision-making power in their operation including production, purchasing raw materials, marketing, employment, labour and bonuses.

The contracted enterprises should have competent people as their directors. The employees are paid according to the work they do, and the directors have salaries higher than the average wages of their employees. The profits demanded of an enterprise should be decided in accordance with the interests of the state, the village, the enterprise, the investors, the contractors, and the workers. These enterprises should use 60-70 percent of their net profits to expand production and update

equipment. Some contracted enterprises which have sold shares are allowed to distribute dividends according to state regulations.

State regulations state that these enterprises should strictly follow all the state financial and accounting regulations and should use the standard book keeping methods set by the state. They may not dismiss their accountants without permission from the township departments concerned.

Not long ago a new share owning system was introduced in some rural enterprises in Shaanxi, Shanxi, Hunan, Guangdong, Jiangsu and Jiangxi provinces. Some villages established shareholding companies and turned all or part of their capital over to the company who sold the shares to their villagers. These shareholders will receive dividends but may not sell the shares for money, nor pass them on to anyone but their relatives. They elect representatives who form the highest power in the enterprise. The board of directors, elected by the representatives, decides all important issues of the enterprises and invites directors to take up all economic responsibilities and exercise management power.

This links the interests of the people in the enterprises with those of the enterprise and motivates them. This method is still in its trial stages. ■

FACTS & FIGURES

Specialized Households

by the State Statistical Bureau

The number of specialized households is increasing, and their business-scale is becoming large. Secondary and tertiary industry households are developing more rapidly than agricultural

households and problems still remain.

In 1986 in China's mainland (excluding Tibet), specialized households in rural areas numbered 3.696 million, an increase of

519,000 (16.3 percent) over 1985. The proportion of specialized households in the total rural households increased from 1.7 percent in 1985 to 1.9 percent in 1986. Specialized household members numbered 8.549 million and including assistants and apprentices, there were 10.193 million people involved, an increase of 1.332 million (15 percent) over 1985. These people formed 2.7 percent of the total rural workforce, up 0.3 percent from 1985.

The number of "10,000-yuan households" has also increased. In Tianjin, Hebei and Hunan provinces, in 1986, there were 67,000 specialized households whose annual incomes exceeded 10,000 yuan. This is 29,000 (76.3 percent) more than the previous year.

More in Secondary And Service Industry

In 1986, there were 1.36 million households engaged in agriculture, up 84,000 (6.6 percent) from the previous year. Of them: 840,000 households were engaged in crop farming, 14.1 percent more than in 1985; 141,000 in fish-raising, up 33.5 percent; 305,000 in animal husbandry, down 13.4 percent; 74,000 in forestry, down 9.8 percent.

In 1986, 827,000 households were engaged in secondary industry, up 130,000 (18.7 percent) from the previous year. Of them, 555,000 households were in industry, 4.6 percent more than the previous year; 272,000 in construction, 63.9 percent more than in 1985.

In 1986, 1.508 million households were in the tertiary industry, up 304,000 (25.2 percent) over the previous year. Of them: 675,000 households were in transport, 13.7 percent more than in 1985; 635,000 in commerce, catering and service trades, up 34.7 percent; 198,000 in postal, telecommunications and labour services, up 42.1 percent.

In 1986, the proportion of tertiary industry specialized households in the total of specialized households increased from 37.9 percent in 1985 to 40.8 percent; secondary industry households increased from 21.9 percent to 22.4 percent; and the proportion of primary industry households dropped from 40.2 percent to 36.8 percent. In 1986, there were 3.204 million people who were engaged in primary industry, up 86,000 (2.8 percent)

from the previous year. Primary industry household members as a proportion of the total dropped from 40.4 percent in 1985 to 37.5 percent. In 1986, there were 2.021 million people in secondary industry, 258,000 (14.6 percent) more than in 1985; and the proportion of secondary industry specialized household members increased from 22.9 percent to 23.6 percent. There were 3.324 million people engaged in tertiary industry, 491,000 (17.4 percent) more than in 1985; their proportion increased from 36.7 percent to 38.9 percent.

Causal factors: (1) The commerce, catering and service trades developed rapidly as a result of the readjustment of the industrial structure in the rural areas. This sort of business allows for small investments and quick returns, attractive to individual households.

(2) As farmers' incomes have increased, building new houses has spread, and since construction requires only simple skills and small investments, it is easy for specialized households to take it up.

(3) A shortage of fodder accounts for the drop in animal farming. In Zhuanbu Township in Liling, Hunan Province, in 1986, eight households specialized in pig-raising changed their speciality, because the purchase price for pigs dropped 31.8 percent and the price of fodder rose. Forestry's long-term commitment and slow returns is less attractive to many households.

Specialization and Commercialization

Labour productivity has risen. In Tianjin, Hebei, Jilin, Henan, Hunan, Guangdong, Guangxi and Inner Mongolia, the average per-capita income of rural specialized households increased from 998 yuan in 1985 to 2,842 yuan in 1986, an increase of 8.2 percent. In

1986, the average per-capita income for primary industry households was 2,499 yuan, an increase of 10.5 percent, 2,807 yuan for secondary industry households, an increase of 4.2 percent; and 3,162 yuan for tertiary industry households, an increase of 8.4 percent.

In Tianjin, Hebei, Jilin, Hunan and Inner Mongolia, the total income of specialized households in the secondary and tertiary industries reached 2.61 billion yuan last year, an annual increase of 28.3 percent. These specialized households got 79.3 percent of their 1985's total income and 81.5 percent of their 1986's from their specialized lines.

In Tianjin, Hebei, Jilin, Hunan, Guangdong and Inner Mongolia, for households specialized in crops, forestry, animal farming, fish-raising and industry—the proportion of their products which they sold on the market rose from 76.2 percent in 1985, and 78.1 percent in 1986. The average per-capita income that came from these sales was 2,356 yuan, up 310 yuan (15.2 percent) from the previous year.

In Dalian, in 1986 taxes paid by specialized households added up to 23.578 million yuan, 15.8 percent more than in 1985. Each specialized households paid 373 yuan on average, 27.3 percent more than in 1985. In the same year, the average tax paid by rural households was 52.1 yuan. In Daoshi village in Tumet Right Banner, the Inner Mongolian Autonomous Region, the building materials specialized households paid 36,000 yuan in taxes to the state, 50 percent more than in 1985.

Problems Ahead

(1) Imbalances. In 1986, there were 1.955 million specialized households in the coastal area (including Beijing, Tianjin, Hebei, Liaoning, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Guangxi), 17.8

Provisional Regulations by the People's Bank of China on RMB Loans Mortgaged by Enterprises With Foreign Investment With Their Foreign Exchange

December 12, 1986

In accordance with the Provisions of the State Council for the Encouragement of Foreign Investment, the following regulations are formulated to promote RMB loans mortgaged by foreign exchange.

Article 1. Eligibility. All Chinese-foreign joint ventures, Chinese-foreign co-operative enterprises and wholly foreign-owned enterprises, registered in the People's Republic of China, are eligible to apply for RMB loans mortgaged by their foreign exchange (including foreign exchange borrowed from abroad).

Article 2. Usage. The mortgaged RMB loans can be used as working capital and for investment in fixed assets.

Article 3. Variety and Maturity. The mortgaged loans can be categorized into two: short-term and long-term loans. The maturities of short-term loans are three months, six months and one year. The long-term loans carry maturities from one year up to five years.

Article 4. At present, the foreign currencies that can be used as mortgages are limited to the US dollar, Japanese yen, HK dollar, Deutschmark and Pound sterling.

Article 5. The mortgaged loans shall be extended by the Bank of China and other financial institutions authorized by the People's Bank of China, except in the special economic zones.

Article 6. Applications. Applicants for mortgaged loans shall declare to the State Administration for Exchange Control or its branches the sources and amounts of their foreign exchange. After their report is verified, they apply

by filling out a borrowing application form with a designated bank authorized by the People's Bank of China.

Article 7. Disbursement. After approval of the application by a designated bank, the applying enterprises shall sign a borrowing contract with the authorized bank.

Article 8. Repayment. The borrower shall not repay the mortgaged loans before they are due. Upon maturity, the borrower shall repay the original RMB amount in exchange for the return of the mortgaged amount of foreign exchange. The transaction shall not be subject to changes in exchange rates. The mortgaged foreign exchange shall be turned over to the People's Bank of China if the RMB loans fail to be repaid upon maturity. Where the mortgaged foreign exchange is borrowed from abroad, the borrower shall continue to be liable to the creditor for the repayment of principal and interest.

Article 9. Calculation of the RMB loans. The amount of RMB loans extended by the authorized banks to the mortgagers shall not exceed the RMB value of the foreign currency at the exchange rate (buying rate) as announced by the State Administration for Exchange Control on the day the loan is made.

Article 10. Neither the RMB loans nor the foreign currency submitted by the borrowers as mortgage, shall bear interest.

Article 11. The People's Bank of China shall retain the right to interpret the above regulations.

Article 12. The regulations come into effect on the day of their promulgation.

percent more than in 1985; the proportion of the specialized households in this area to the country's total rose from 52.2 percent to 52.9 percent. In the west (including Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang), there were 655,000 specialized households, only 7.2 percent more than in 1985; their proportion dropped from 19.2 percent in 1985 to 17.7 percent in 1986. The

number of specialized households in the west engaged in construction, commerce, catering and other service trades increased from 34.7 percent in 1985 to 63.9 percent in 1986. But the number of specialized households engaged in animal husbandry and forestry dropped from 13.3 percent in 1985 to 9.8 percent in 1986. The government is preparing to help specialized households develop animal husbandry and forestry in

the western region.

(2) Inappropriate information and management. Many farmers do not know how best to develop their business.

(3) Unstable development. In 1984 there were 4.256 million specialized households in rural areas; but in 1985, there were only 3.177 million. In 1986 because the leaders helped, the number rose to 3.696 million. ■

Excessive Consumption Not Feasible

"ZHONGGUO XIAOFEIZHE BAO"
(China Consumers News)

A lifestyle of high consumption has evolved in Western countries where the people's income is high. It has played a certain role in reducing the contradictions prevalent in capitalist societies and resuscitating the capitalist economy.

We have consistently held that production and consumption depend on each other and are mutually complementary. Production is the starting point for consumption and determines the level of consumption. Consumption is the destination of production and is determined by production. There is a limit to the total social output owing to the low labour productivity. However, the social demand continues to increase. Therefore, overall consideration is needed to maintain a proper balance between them. On the basis of developing production, we should accomplish some increase both in production and consumption, but must not attend to one thing at the cost of the other. It is necessary to oppose the tendency to blindly hanker

after rises in consumption to the neglect of developing production. It is also imperative to oppose the tendency to be entirely absorbed in the development of production and pay no attention to increasing consumption. The advocates of high consumption disagree that production and consumption are two sides of a contradiction. They unduly emphasize consumption and put it above and independent of production.

China is a developing country and is only in the first step towards modernization. With the reforms and the implementation of the open policy, the national income has risen in recent years. But the rate of increase is not high because of low labour productivity. This means that the policy of "low pay and low income" is necessary at present.

Now, people's incomes are not high, but their desires for consumption are strong. Some people seek high-grade goods regardless of their economic conditions. Wedding expenditures have soared, and gifts have become more expensive.

So, to encourage high consumption at present in China is extremely harmful to both the state and the people.

(April 6, 1987)

Rural Labour Surplus: Where to Go?

"NONGYE JINGJI CONGKAN"
(Agricultural Economy Magazine)

In recent years, a number of scholars have ventured many suggestions with regard to the flow of a large surplus labour force in China's rural areas. The views vary.

Some sociologists favour the development of rural and township industries to provide employment to them. They say that China's cities are already fairly expanded and their factories and population have reached the saturation point. The growth rate of population in middle-sized cities can basically meet the needs

of their own development. So the many small towns in China, which have plenty room for development and can hold many people, are targeted for expansion. The surplus labour in the rural areas should be encouraged to work in small towns nearby their homes. This can help the big and middle-sized cities reduce the pressure of increasing population and avoid "city disease" caused by the expansion of population.

Some geographers, however, hold that the flow of population should take many forms. They say that the distribution of population and industries in China is not rational. If China is depending on small towns solely to absorb the excessive rural labour force in their localities, it will not be conducive to striking a balance in the distribution of population and resources between the eastern part and the western part of the country by the end of the century, when the rural population still account for 80 percent of China's total population. In addition, the density of population in the cities, not including 16 major cities such as Shanghai and Beijing, is not high, about an average of 2,211 people per kilometre. It is totally possible for them to provide employment for some farmers.

Economists consider the flow of rural population into urban areas to be an inexorable trend caused by the differences between town and country. They cite the gap in incomes, which stood at a ratio of about 2.7:1 in 1980 to prove their point. They think this is a strong incentive for farmers, especially young people, to flow into the cities. Moreover, they say, the flow of rural population into cities helps to establish a more balanced combination of labour with funds for production and achieve better economic efficiency. Therefore, the solution to the problem of surplus rural population should not be left with the rural areas alone.

(No. 1, 1987)

More Money Spent on Cultural Life

"ZHONGGUO WENHUA BAO"

(Chinese Culture)

A sample survey of the expenses of cultural life was conducted in 200 urban families of Jinzhou City, Liaoning Province in 1986. The results of the survey are as follows:

The expenditure on cultural life increased by a wide margin.

The expenditure on cultural life means the money the residents pay for recreational and sports goods, newspapers and magazines, tuition fees and recreational and sports dues. According to the survey, the annual amount of per-capita expenditure on cultural life in Jinzhou averaged 42.75 yuan in 1985, an increase of 21.31 yuan over 1980; and 81.4 percent of the families surveyed had bought TV sets, of which 12 percent were colour TV sets. There are 94 radios and 36 tape recorders per 100 families, and the subscriptions to newspapers and magazines in 1985 increased by 47.9 percent over 1984. People's expenditure on cultural life amounted to 6.9 percent of the total expenses in daily life.

The hours spent on cultural activities increased. In addition to working, sleeping, rest and housework, each resident in

Jinzhou took up an average of 2.23 hours a day for cultural activities in 1985, an increase of 6.2 percent over the previous year.

The family has become an important place for cultural life.

Of the 2.23 hours spent on cultural activities each day, people spent 1.42 hours on recreation within their families, making up 73 percent of the total time spent on cultural activities.

The cultural expenditure tended to be varied.

Among one-child families the cultural expenses were greater in three areas—more play things, more children's newspapers, magazines and books, and visiting more public places of entertainment. With the increasing number of retirees, more and more old people had preferences for listening to storytelling, playing chess, growing flowers, keeping pet birds, raising fish and practising calligraphy. All these activities increased cultural expenses. Young people actively took part in various training classes to learn cultural and technological knowledge and were keen on recreational activities. This resulted in the purchase of more consumer goods such as tape recorders, popular song cassettes, electronic musical instruments and guitars.

(March 29, 1987)

An Ewenki Family Concert

"RENMIN RIBAO"

(People's Daily, Overseas Edition)

Not long ago, nine brothers and sisters of an Ewenki family gave an entirely new sort of concert in their native county's cultural centre. They wore national costumes and sang the praises of Ewenki people's new lives.

More than 500 viewers attended the concert. They could not help

applauding and singing together with the performer Du Haiting, the fifth brother, when he sang the folk song *Ali, the River of Mother*. The audiences are of the opinion that the family concert highlighted their national characteristics and their acting compared favourably with that of specialized artists in county-level troupes.

The nine Du brothers and sisters live in Inner Mongolia's Oroqen Autonomous Banner (county equivalent), which,

though out-of-the-way, has a rich cultural heritage. People of different nationalities there have to take every evening's programmes on the television as their major recreational activities.

Du Qingfang, the sixth sister who initiated the family concert, is now a vocal soloist at the Beijing Friendship Art Ensemble and her singing won the approval of many experts.

At the concert, each of the four brothers and five sisters gave a performance, which included a male vocal quartet, a cantata, a piano solo, a male vocal solo and a female vocal solo. They also sang the folk songs of the Daur, Ewenki, Oroqen and Mongolian nationalities and Chinese and foreign lyric songs. Their performances drew loud peals of applause from the viewers of different nationalities.

The local television station broadcast a videotape recording of the concert so that the masses of different ethnic groups could enjoy it.

The Ewenki nationality, one of 55 minority nationalities in China, has a total population of about 20,000. Of this number, the great majority live within the boundaries of Inner Mongolian Autonomous Region, and some live in Heilongjiang Province.

"Ewenki" means people living in big mountains and forests. Of the 20,000 Ewenkis, most are engaged in hunting, raising and taming deer or other animals; some are engaged in animal husbandry. A few live together with other fraternal nationalities and grow crops.

Of the nine brothers and sisters giving the performance, five work in literature, three are teachers, the youngest is now studying in a senior middle school.

Their father, a folk artist, is famous for his compositions of national songs and music. His works have spread far and wide among the different nationalities.

(May 10, 1987)

World Bank to Arrange New Loans

The World Bank has decided to provide US\$320.5 million in loans for two projects in China. The "hard" loans amount to US\$45 million, the "soft," US\$275.5 million. This was announced by the World Bank Resident Mission in China.

One project is to help people in the less-developed areas of China's northwest Gansu Province to develop their economy. The province will use US\$170.5 million, arranged by the World Bank, for improving irrigation and cultivation conditions over 133,000 hectares of farmland and for increasing crop output. This is expected to be of great benefit to 96,000 poor households. On the other hand the province will use the loan also to improve primary and middle school education and help 22 industrial projects promote labour productivity and economic results.

The other project is to construct an expressway 142 kilometres in length from Beijing to the Xingang Harbour in Tianjin. The Bank will issue US\$150 million in loans to help fund this item. The completion of the highway will meet the fast-expanding needs of the transportation enterprises.

The "hard" loans will be paid back in 20 years with a grace period of 5 years, the "soft" loans in 50 years with a grace period of 10 years.

From 1981 to March this year, the World Bank provided China with US\$4.736 billion in loans for 47 projects covering agriculture (11), energy (9), education (7), rural public health (2), water supply (2), communications and transportation (6), industry (6) and technological co-operation (4).

By the end of June, the Bank is expected to issue China loans amounting to US\$5.5 billion, US\$2 billion of which are "soft" loans.

In order to guarantee that most

of the loans achieve good results, the Bank will study the feasibility

Co-operation With Canada in Electronics

The Huanan (South China) Branch of the China National Electronics Import and Export Corporation and the Mona Electronics International Co. Ltd. of Canada have recently signed an agreement for co-operative projects.

Under the agreement, the Mona company will import 700,000 14-inch and 22-inch colour TV sets, and 500,000 12-inch and 50,000 4.5-inch black and white TV sets from China. The value of these imports is estimated at US\$120 million. The colour TV sets will be delivered in five years, with 50,000 14-inch sets and 90,000 22-inch sets a year.

At the same time, both sides have concluded an agreement for producing video sets, with a planned investment of US\$5.8 million. In the beginning, China will use advanced components imported from abroad for assembling videorecorders. In two years, more than 70 percent of the components used will be produced in China. In the third year, production is expected to reach 800,000 sets. All the products will be for export with an annual export value of US\$136 million.

In addition, the Huanan company will import advanced technology to produce stereophonic videorecorders and language translation videorecorders.

"I have full confidence that we can achieve good co-operation between the two sides," said Liang Jing, president of the Mona company. "My company will gradually transfer the manufacture of some products to China, including satellite television receivers, micro-antennas, 26-inch colour TV sets and facsimile

of the projects and help China train managers. Since 1981, 56 training classes have been held for managerial personnel.

by Yao Jianguo

devices as well as telephone exchanges.

According to Liang, his company will purchase pocket-size radios, recorders and electronic toys in China to help China's electronics industry enter north American markets.

Thirty-five Chinese technicians, he revealed, will go to work in maintenance units under the Mona company in Canada.

by He Ping

China, FRG Jointly Run Slaughterhouse

The Hua-An Meat Co. Ltd., China's first slaughterhouse to reach EEC hygienic requirements, went into operation on May 12 in the Dachang Hui Autonomous County in Hebei Province. Up to now about 1,000 beef cattle which were bred in a scientific way have been slaughtered.

According to Yang Wenguang, deputy general manager of the

A workshop of the Hua-An Meat Co. Ltd.

XUE CHAO



company, all the equipment, required for killing 30,000 cattle and 50,000 sheep a year, was imported from the Federal Republic of Germany. It can process beef and mutton according to the requirements of customers and keep the meat fresh. Before its operation, the EEC sent experts for a final check to confirm that all its products are up to standards.

Its output goes mainly to foreign embassies, foreign trade agencies and Sino-foreign joint ventures and hotels in China. It also exports some products. Now the company supplies beef and mutton to more than 10 big hotels and restaurants in Beijing and plans to ship its products to hotels and restaurants in Tianjin, Shanghai, Guangzhou, Xian and Shenzhen.

This is a joint venture between the China General Corporation of Animal Husbandry, Industry and Commerce on the one side and the Anuss Beteilieunes—on the other, with a registered capital of about 4.78 million yuan and a co-operation period of 20 years.

Designated as a technically advanced enterprise, it enjoys preferential treatment in taxation according to China's related policies and regulations stipulated last year. ■

China-Africa Farm Training Centre

China has decided to establish a China-Africa Agricultural Co-operative Training Centre this year in view of Africa's weak agricultural technology.

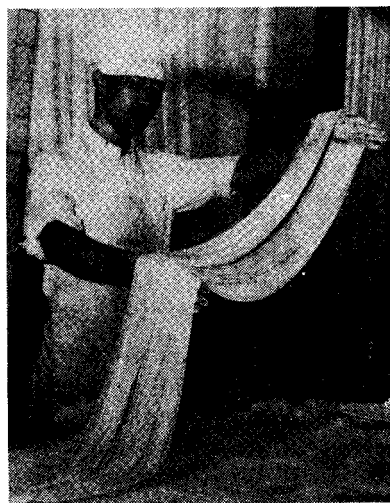
The centre is located in the Huanan (South China) Agricultural University in Guangdong Province. It will train medium-rank agricultural officials from China-assisted countries in funda-

mental skills in crop cultivation, animal breeding and farm production management. The centre runs a six-month course every year.

China will also organize some volunteer teams composed of fresh graduates from agricultural colleges and send them to African countries receiving financial assistance from China. ■

Beijing Hotel Offers Food of Sichuan Style

The Beijing Hotel will offer Sichuan dishes in its Chinese restaurant between June 15-21.



XUE CHAO

A Beijing Hotel cook making noodles "as fine as hair."

Sichuan dishes are well known in China for their wholesome ingredients, excellent cooking techniques and varied flavours and colours. The restaurant will offer more than 20 varieties of cold dishes, a dozen hot dishes and various kinds of desserts. At the same time, the cooks will demonstrate their skill in making noodles as thin as hair. The food will be laid out buffet-style or on self-service counters. ■

Trade News in Brief

■ The Chinese government will donate 700,000 yuan worth of insecticide against locusts to African countries. These 100 tons of insecticide will be shipped through the Food and Agriculture Organization of the United Nations (FAO). Chinese experts will go to the recipient countries to provide technical guidance.

This is the third Chinese donation since the African countries were afflicted by the pestilence last year. For the first and second donations, China sent a total of 50 tons of insecticide worth US\$500,000 to Gambia, Mali, Ethiopia and Tanzania.

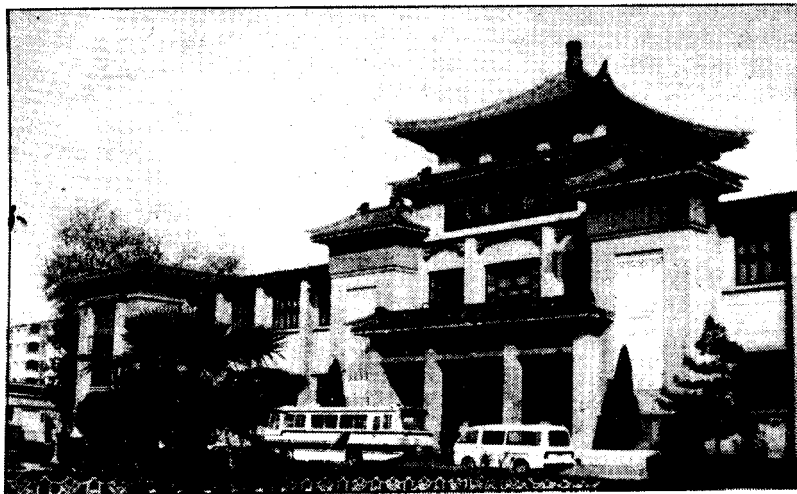
■ A project, assisted by the UN World Food Programme (WFP) for developing fishery in the Hongze Lake district, Jiangsu Province, has been completed. As a result, the district has registered a 31.6 percent increase over 1981 in the output of fish and shrimp. Fishermen's yearly incomes have also risen by 2.48 fold.

Construction of the project started in November 1982 and included the breeding of fingerlings, the building of homes for fishermen, hospitals and schools and the development of fish ponds, fishing harbours and dams to keep off the waves. The whole project involves a total investment of US\$10 million.

About 114,000 square metres of floorspace were built for 2,000 fishing households.

■ Liaoning Province in north-east China has established 15 joint ventures in Japan, the Federal Republic of Germany, Thailand, Pakistan, Uganda and Mauritius with a total investment of US\$8.48 million. These enterprises are in catering, fishing, aquatic production and processing, foodstuffs and industry. In the last few years the province has earned a profit of US\$660,000 from nine of these ventures abroad. By the end of March the province had sent 67 people abroad to work with these ventures.

Modernization of China's Museums



Ancient art museum in Luoyang.

LIU CHUNGEN

A jubilant traditional melody wafts out of a stone-framed gate luring visitors into a beautiful garden peculiar to Suzhou, an ancient city in coastal Jiangsu Province. Once inside, the visitors would find a courtyard decorated with lanterns and coloured streamers. In the middle of the corridor sits a wooden ornamental bridal sedan chair looking splendid in red and gold. All around the countryard, there are loads of all the delicacies of the season and life-like statues of musicians. This garden, in the Suzhou Folk Customs Museum, which opened recently, can give visitors an idea of what the custom of marriage was like in the area south of the Changjiang River one hundred years ago.

In the museum, the hall of wedding ceremony and bridal chamber on display depict the local traditions exactly. Furniture, beautiful clothing and bedding are displayed in a joyful atmosphere. The local people living in this fertile land have historically been well-fed and well-clothed, and have had a well-developed sense of etiquette.

Besides the hall of wedding

customs, there are halls exhibiting local customs in festivals, diet and cooking. Upon entering the festival hall, visitors will feel a holiday air—poems and pictures on the wall, colourful lanterns suspended from the ceiling, and a wide variety of knick-knacks, folk arts and crafts contribute to the atmosphere.

In addition, the hall of food customs tells visitors the history of the development of famous Suzhou dishes and refreshments. Visitors can learn from the museum which restaurants and snack bars are well known in Suzhou, and what kind of foods rank high in popularity. Local kitchen utensils are also displayed in the hall. Visitors do not even have to go out of the museum to taste the various delicacies. Only one month after its opening, the museum has drawn 66,000 Chinese and foreign visitors. Even local people, old and young, enjoy the museum. For many old folks, the museum evokes pleasant memories from their past.

In recent years, a number of small museums in various localities have gained considerable fame and attracted streams of

visitors. Their fresh approach and unique design are a welcome departure from the traditional rigidity usually found in Chinese museums. This indicates a new trend in museum development.

Museums of historical nature have begun featuring exhibits on special topics. The Luoyang Ancient Arts Museum is a case in point. The museum was remodelled in 1980 to centre on ancient arts based on the old Luoyang Museum of History. Luoyang, one of the ancient capitals, abounds with large archaeological discoveries of historical sites and cultural relics. The museum now arranges its collections of tablet inscriptions, stone carvings, and Han-dynasty pictures carved on stones, from an artistic point of view. This action was taken to break with outmoded methods in introducing China's history through unearthed relics. Since 1980 the museum has drawn 560,000 people a year, a figure higher than many large museums elsewhere in China.

Another interesting and absorbing museum is the newly built Suzhou Opera Museum. Suzhou is one of the birthplaces of *kunqu* and other classic operas. In the museum, there are groups of wood-carving figurines making up the scenes from classic operas. One building is a trumpeter's pavilion in a simple and unsophisticated style. In the upper floors are 12 life-sized clay trumpeters in ancient costumes, with heavily painted faces. Visitors can see them sitting dignified behind windows decorated with red balustrades. This building served as a headquarters in ancient times to house musicians when hosts greeted distinguished guests. Visitors here also can see a magnificent, arched-roof ancient stage.

In addition, the museum offers rooms for introducing the history of three Suzhou local operas—*kunqu* opera, *suju* opera and *pingtan* (storytelling and ballad singing in Suzhou dialect). Classic national musical instruments are also on display in the museum. And a building surrounded with trees and shrubs houses large quantities of historical accounts of operas running to tens of thousands of words, some of which were passed down from the Ming Dynasty (1368-1644). Among these exhibits is an exquisite model of a redwood boat serving as a mobile stage, an ancient theatre model and a large ornamental stone pillar in the middle of a courtyard in memory of the 150th anniversary of the founding of the Guangyu Society, an organization of *pingtan* artists. All of these exhibits demonstrate Suzhou's long history of unique operatic style.

Recent years saw a national increase in the number of museums with special topics. They include the Beijing Dazhongsi Ancient Bell Museum, the Museum of Slave Society of the Yi Nationality in Liangshan Area, the Museum of Chinese Stamps, and the Tianjin Museum of Opera.

Large exhibitions often give way to small exhibits under special topics. A museum named "Du Pu's Thatched Cottage" in Chengdu, capital of Sichuan Province, was built in memory of Du Pu, a famous Tang-Dynasty poet. Over the past 30 years, the museum has remained obscure. However, now the museum looks brand-new after renovation. The number of visitors jumped to 1.3 million last year, making it the 6th most popular museum in the whole country, far surpassing the Sichuan Provincial Museum, and making it the best small museum nationwide. By putting more efforts into small and temporary exhibitions that can be easily changed, the curators were able to make the contents more appealing to visitors. Since the exhibition

rooms are limited in space, the museum gives Du Pu exhibitions special themes instead of exhibiting the poet's life and works chronologically. They are "Du Pu's Poems," "Different Editions of Du Pu's Poems," "Sites Du Pu Had Visited," and "Calligraphy and Woodcarving About Du Pu." These exhibitions satisfy different needs of people with different interests.

Gradually getting rid of the exhibits confined to archaeology and history has attracted more visitors.

All civilizations in modern society can trace their origins back to simple, clumsy stoneware. Each relic has a rich content which reflects different themes when viewed from different perspectives. For example, a coloured pottery vessel with dancing designs unearthed from Lintong near Xian, capital of Shaanxi Province, can be explained in different ways. From an archaeological point of view, it represents primitive culture, while viewing it from the angle of art history, it is an embryonic form of figure painting. And if it is appreciated for its choreography, it is the origin of modern dance.

Seeing things from a fresh and wider angle will help people acquire a rich store of knowledge and information. And it is also a good way to make the profound knowledge of archaeology more popular, more easily understood and more accepted by the masses.

Many museums elsewhere have become aware of the importance of this matter. They set about digging out more information that might be of interest to visitors of different social backgrounds. These changes are most welcome.

In recent years, museums which have opened at historical sites, or in the open air have developed quickly. For example, the exhibition of folk customs in Dingcun, Shanxi, and the exhibition of ancient copper mining in Tonglu Mountain, Hubei Province, are such exhibits. They

display historical relics in association with specific scenes, or restored to their original state. This is a breakthrough from the old style of exhibiting them only in showcases. These museums have the effect of letting people feel a part of the scene. Some museums even take off the signs saying "Do Not Touch," and set aside a special place for visitors to play or do something with the exhibits. This is helpful to establish a closer relationship between visitors and museums.

Another new trend in museums in China is putting emphasis on local and national characteristics. China's Guizhou Province is well known for its long history of wine-making. Guizhou authorities got the idea of creating a wine museum, for which they will collect local historical wine-making facilities and wine vessels, as well as folk customs and rites in drinking. With many unique features in the province, the local government also plans to open special museums about waterfalls, karst caves and hot springs.

People's cultural lives are more important in today's China, and visiting museums has become popular for families and school children. To meet the needs of modern visitors, museums are making more efforts to display more vivid exhibits to make learning fun. ■

Boxing Makes A Comeback

Boxing, absent in China for the past 28 years, has made its reappearance.

Last month, a national boxing tournament, the largest of its kind since the founding of New China in 1949, was officially held in east China's Nanjing. Altogether 168 boxers from across the country participated in 12 weight divisions.

Xu Yinsheng, president of the



Two Chinese boxers fight it out at the competition.

FANG AILING

China Amateur Boxing Federation and vice-minister in charge of the State Physical Culture and Sports Commission, declared: "Boxing championships like this will take place twice annually following this tournament."

Boxing matches were banned following the death of a fighter at a national competition in 1959 and were not restored on the grounds that boxing was too rough and dangerous.

In fact, boxing has long been a favourite sport among the Chinese people. It was first introduced to China in 1924 when boxer Chen Hanqiang, a returned overseas Chinese who had been the Australian national champion, opened a club in Shanghai. Since then boxing spread rapidly in China's coastal cities. In 1936 two Chinese boxers were sent to enter the contests at the 11th Olympic Games held in Berlin.

The restoration of boxing is part of the efforts to maintain China's No. 1 position in the 1990 Asian Games.

Though China won the most gold metals at the Seoul Asiad last year, it did not enter the boxing competition which provided 12 golds, most of which were captured by boxers from South Korea.

Anwar Chowdhry, president of the International Amateur Boxing Association (IABA) who came to watch the Nanjing tournament, noted: "China has great potential for the development of boxing." He believed that Chinese boxing, the heavy-weight class in particular, would reach world standards within two or three years. However, he pointed out, Chinese boxers still lack highly-developed techniques.

Boxing specialists at home

believe that the present level of China's boxing is lower than that of the 1950s.

Zhou Shibin, known as *nan quan wang* (boxing king of southern style) in the 50s, stated that most Chinese boxers do not have a good grasp of basic skills, while their hand and foot techniques do not conform to the standard. Many boxers have blindly followed the footwork of American boxing king Muhammad Ali. They leap too much which absorbs a lot of energy and leads to poor balance. Their side-steps, often too big, may possibly affect speed. Zhang Lide, who was called *bei quan wang* (boxing king of northern style) also noted that Chinese boxers are still not satisfactory in respect to strength, speed and dexterity. Their aim is not always very accurate and very few are able to use a variety of boxing techniques within one bout.

According to Xu Yinsheng, about 2,000 boxers are at present engaged in full-time training in China. "The China State Physical Culture and Sports Commission plans to organize a boxing team and host an international invitational tournament in China in October," he said.

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Business and Trade

June 17-22 Shanghai. International Automobile Industry Exhibition. Sponsored by Shanghai International Trade Information and Exhibition Co. and Adsale Exhibition Services (Hong Kong). Exhibits include repair and maintenance technology and equipment, testing equipment, instruments, meters, spare parts and processing equipment.

June 30-July 9 Shenzhen. Chemicals Trade and Technical Cooperation Fair. Sponsored by the China National Chemicals Import and Export Corp. Participants from countries and regions the world over except Eastern Europe and Africa. Talks to be mainly on technology imports, trade, import and export of chemicals.

July 2-6 Shanghai. International Telecommunications and Instruments and Meters Exhibition. Sponsored by the Shanghai International Trade Information and Exhibition Co.

July 6-11 Harbin. International Modern Video-Audio Educational Equipment Exhibition. Sponsored by the China Council for the Promotion of International Trade (CCPIT) Harbin Branch. Exhibits from the United States, Italy, France and the Federal Republic of Germany.

July 13-18 Exhibition Centre in Beijing. Beijing International Nuclear, Radiation Medical Equipment Exhibition. Sponsored by CCPIT Beijing Branch.

July 14-20 Exhibition Centre in Beijing. Japan Mould'87. Sponsored by the Japan External Trade Organization.

July 15-21 China International Exhibition Centre in Beijing. International Exhibition on Daily-Used Chemical Equipment and Technology. Sponsored by the Japan-China Economy and Trade Centre.

Science and Technology

June 1-5 Beijing. China-US Cooperative Workshop on Earth-

quake Resistance and Studies of Arch Dams. Sponsored by Qinghua University.

July 1-4 Beijing. International Conference on Fluid Mechanics. Sponsored by the Chinese Society of Theoretical and Applied Mechanics.

July 14-19 Beijing. International Conference on Protecting Wildlife. Sponsored by the Chinese Association of Wildlife Protection.

July 15 Tianjin. Conference on Traditional Houses and Human Settlement Patterns. Sponsored by Tianjin University.

July 20-24 Beijing. China Satellite ISSBD Conference 1987. Sponsored by China Psychology Society.

July 26-31 Nanjing. 25th International Conference on Coordination Chemistry. Sponsored by the Chinese Chemical Society.

Cultural Exchange

June 1-5 Beijing. Performances by Watanabe Norihiko, a well-known Japanese classical guitar player and the golden prize winner of the international guitar contest in Paris, and Kono Ken, a world-famous guitar maker and chairman of the Japanese Stringed Instrument Makers' Association. Sponsored by the China International Cultural Exchange Centre.

June 3 Beijing. Concerto by Cai Jianglin, a Taiwan compatriot visiting Japan. Sponsored by the China International Cultural Exchange Centre and the Taiwan Compatriots' Federation.

June 3-13 Shanghai and Beijing. Performances by the Uzaki Ryudo troupe of Japan.

June 6-14 Xiamen and Beijing. Performances by the Philippines Bayanihan Dance Co.

June 7-21 Beijing and Guangzhou. Performances by the Australian Ballet.

June 9-16 Beijing, Shanghai and Guangzhou. Concertos by the

Juilliard Orchestra of the United States.

June 12-22. Visit by Race Mathews, Art Minister of Victoria State, Australia, and his wife.

June 13-27. Performances by an 18-member group from the Los Angeles Performing Arts School Chamber Music Orchestra, USA.

June 15-28. Polish Art Exhibition.

June 16-21 Beijing. Performances and lectures by Suzuki Iwao, a well-known Japanese guitar player.

June 19-July 3. Visit by a 5-member Korean Cultural Relics Delegation.

June 19-July 4. Visit by a delegation of seven cultural officials from the southern part of the United States.

June 21-July 20. Joint performances by the Australian Ballet, China's Central Ballet and Shenyang Ballet.

June 23-July 5. Turkish Engraving Exhibition.

June. Performances by a 7-member group from the Opera Department of California State University, USA. Sponsored by the China International Cultural Exchange Centre.

June. Beijing. *Onono Komachi*, a Japanese opera based on nationally known folklore with Chinese music and words presented by Chinese and Japanese artists.

June. Visit by a delegation of two cultural officials from Equatorial Guinea.

Sports

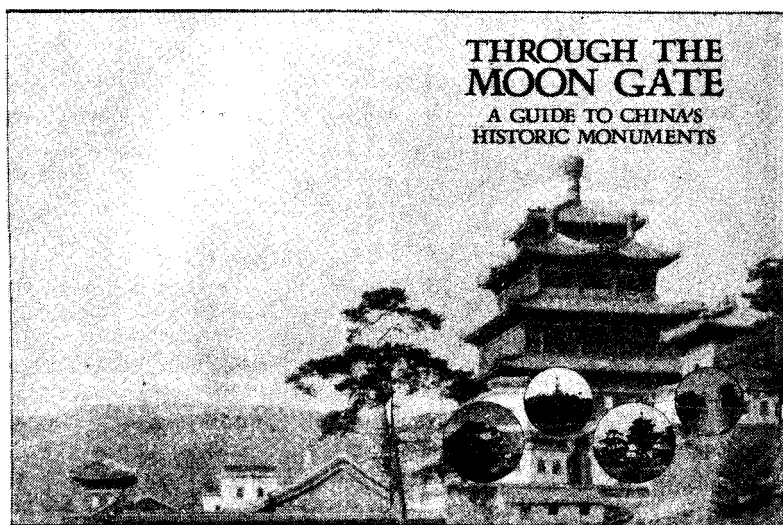
June 8-9. Beijing. Two men's basketball matches between the St. John's University Team, USA, and the Chinese Youth Team.

June 12-14. Beijing. Women's basketball matches between the Soviet team and China's "August 1" team and the Chinese national team.

Early June. Shenyang, Liaoning Province. Asian Club Cup Football Championships.

'Through the Moon Gate'

—A Guide to China's Historic Monuments



Edited by: **China People's Publishing House of Fine Arts (Beijing)**

Published by: **Oxford University Press** (first edition in 1986)

Distributed by: **Oxford University Press** agents in Oxford, New York, Toronto, Delhi, Bombay, Calcutta, Madras, Karachi, Singapore, Hong Kong, Tokyo, Melbourne and Auckland, and associated companies in Berlin and Beirut.

China is an ancient civilization with a long history. To help overseas readers acquire a deep understanding of that history, the China People's Publishing House of Fine Arts and Oxford University Press joined hands to produce *Through the Moon Gate*—an illustrated guide book on China's historic monuments.

More than just a guide book, *Through the Moon Gate* is a beautifully bound reference book. Running 320 pages in length, the book contains around 200 colour and black-and-white photos of 100 carefully selected sites of

historic interest. It also has 50 meticulously drawn sketch maps—27 showing the distribution of historic relics in their provinces, municipalities and autonomous regions, and the other 23 being plans of certain sites.

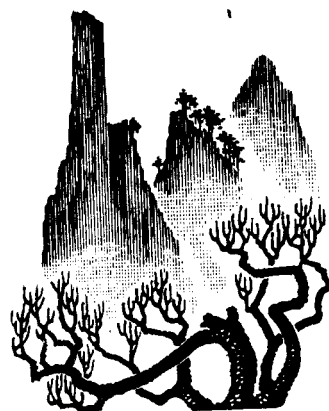
With its plain language and meticulously selected photos, the book systematically presents the readers with a knowledge of China's traditional culture created by the various nationalities from ancient times to the early 20th century. Early cultural exchanges between China and other countries are also discussed. The 100 sites—ancient buildings, graves, palaces, gardens, stone carvings, temples and bridges—are located in 27 provinces, municipalities and autonomous regions, and are selected on the basis of their unique representativeness. In addition to the numerous sites found in the Huanghe (Yellow) River and Changjiang (Yangtze) River basins, many sites are in remote places, such as the ruins of Longquanfu, capital of the Bohai

Fiefdom, which was built in 698 AD in present-day Heilongjiang Province, and the Caves of the Thousand Buddhas at Kezir, Xinjiang Uygur Autonomous Region.

Apart from descriptions and historical information about these sites, the book also includes their exact locations and the best routes to reach them. *Through the Moon Gate—A Guide to China's Historic Monuments* presents readers a general picture of China's ancient civilization through its relics and is equally useful for scholars and tourists.

While the China People's Publishing House of Fine Arts was responsible for writing, translating and editing the book, the Oxford University Press handled the layout, printing and distribution, taking painstaking efforts with design. The cover, for example, shows the ancient-looking Puning Temple in Chengde as the base, with skilfully inserted smaller photos of the Potala Palace in Lhasa, the Jiayu Pass which is the western end of the Great Wall in Gansu Province, and the Beihai Park in Beijing. As a result, the cover design and the contents of the book complement each other. The clever design gives readers an immediate impression of the vastness of China, its numerous historic and cultural relics and marvellous landscapes.

by **Lin Wenbi**



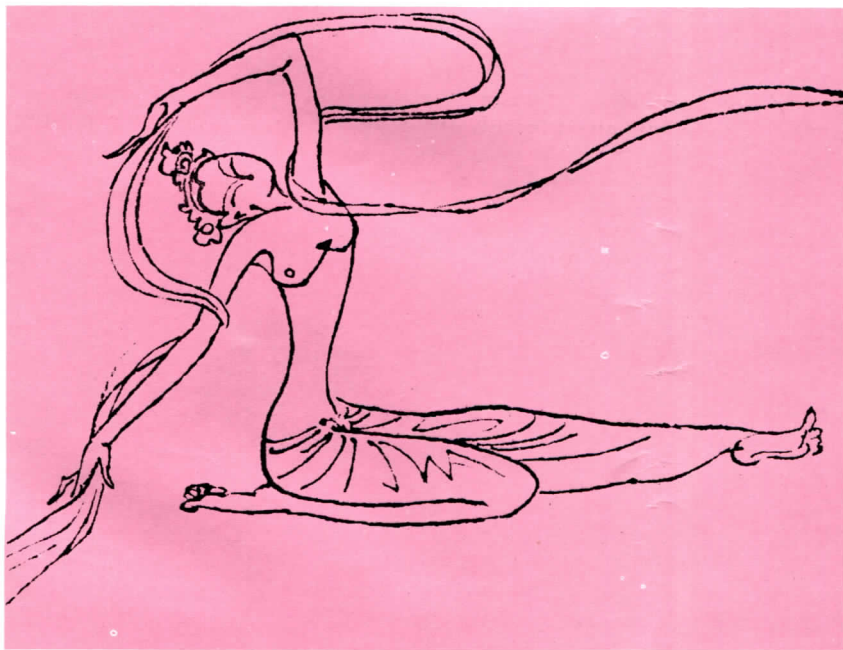


ART PAGE

Sketches by Xing Yongchuan

Xing Yongchuan, a sculptor, was born in 1938 in Jiaocheng County, Shanxi Province, and now teaches in the Xian Academy of Fine Arts in Shaanxi.

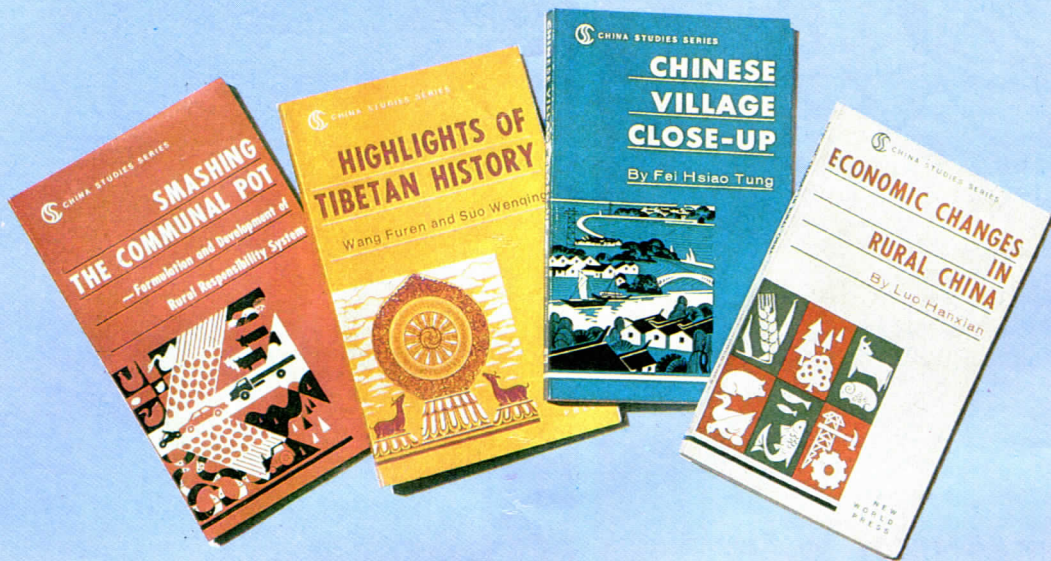
These are his sketches from the Dunhuang Caves. Working on the grotto's formulas, Xing produces simple, clear shapes.



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