

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

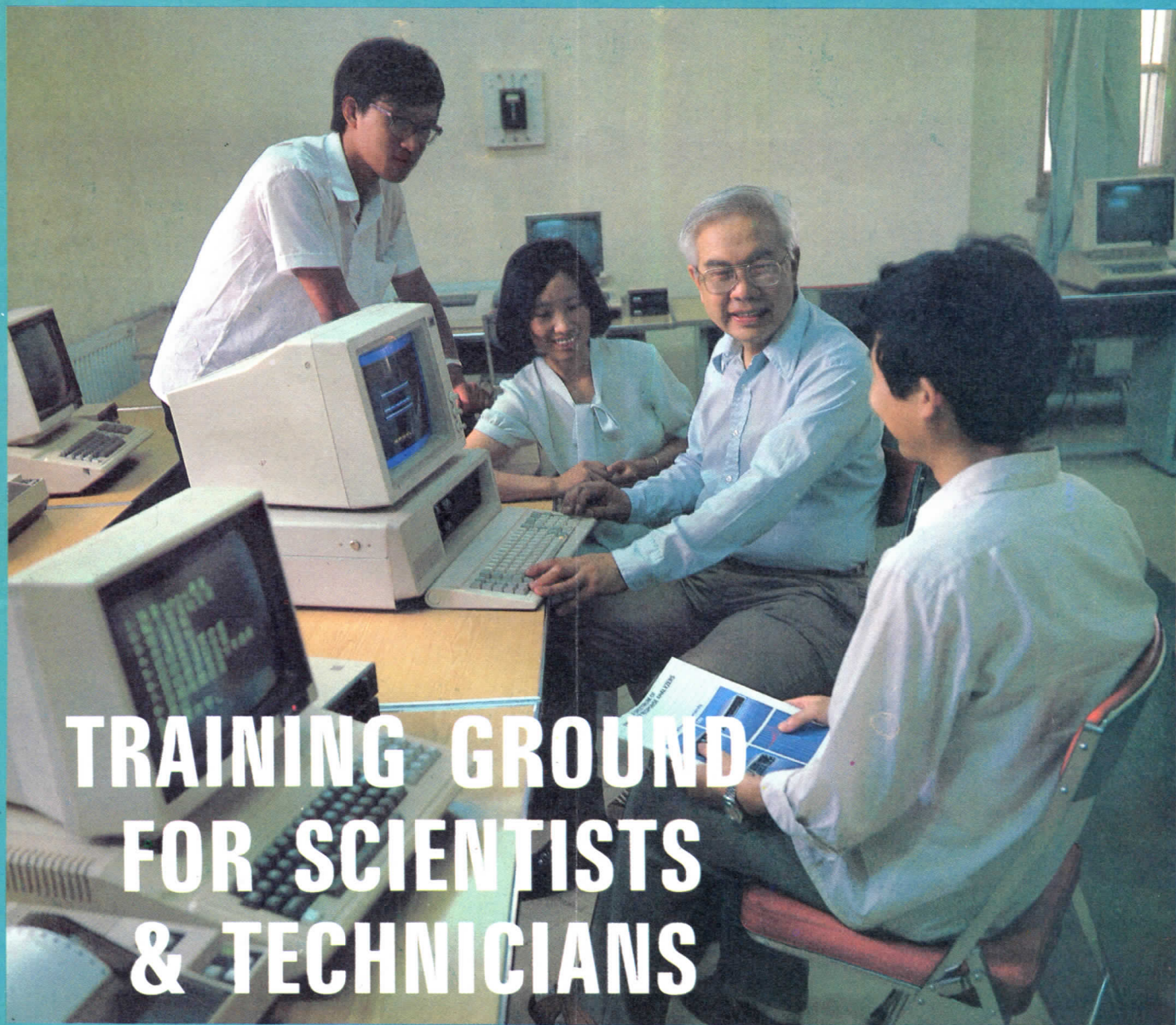
北京周報

Vol. 30, No.30

July 27, 1987

The Economy for First Half of 1987

Competition: Shanghai Writing



**TRAINING GROUND
FOR SCIENTISTS
& TECHNICIANS**



I Bless You.

Xie Lixin

CONTENTS



NOTES FROM THE EDITORS 4

Mankind Must Control Its Own Expansion

EVENTS/TRENDS 5-9

Kohl Comes for Closer Relations

Abnormal Weather Threatens China

State Announces Research Awards

Water Power Pays Off

Summer Leaves Beijingers Cold

Factories Adopt New Work System

Weekly Chronicle (July 13-19)

INTERNATIONAL 10-13

USA: Irangate Inquiry to Tackle Legal Issues

France: Significance of the Barbie Trial

Dark Meeting: Important Step to End Apartheid

Forecast for China's Auto Industry 14

The ABC of Investing in China (VI): Preparations Before Start-up 16

China's Joint Ventures (Pictorial) Centrefold

Cradle of Scientists and Technologists 22

Facts and Figures: Sustained Economic Development 27

FROM THE CHINESE PRESS 28-29

BUSINESS/TRADE 30-31

CULTURE/SCIENCE 32-33

COVER: Zhang Zhifang (second, right), professor of the automatic control department from Beijing Engineering Institute, with his students at a laboratory.

Xue Chao and Xu Xiangjun

HIGHLIGHTS OF THE WEEK



p. 5



p. 22

Humanity Must Control Its Own Expansion

■ July 11, 1987, the "Day of the Five Billion" as designated by the UN, serves as an alarm to the world: its population has grown too fast. Only by controlling its own expansion can humanity avert disaster (p. 4).

The Economy So Far This Year

■ The State Statistical Bureau's update on industry, agriculture, the market and trade in the first half of this year. Overall the performance was good, although natural disasters and excessive investment in capital construction mar the figures (p. 27).

Cradle of Scientific Talent

■ The Beijing Institute of Technology — one of the jewels in the crown of Chinese scientific education — can trace its beginnings back to the Yanan base area of the 1940s.

It has since produced many of China's scientists and technological inventions. (p. 22).

'Shanghai and Me'

■ The *Beijing Review* and *China Daily* Shanghai branches are holding a "Shanghai and Me" essay contest. Foreigners, overseas Chinese and compatriots from Taiwan, Hong Kong and Macao are invited to share their impressions and experiences of Shanghai and offer their opinions and suggestions about the work in this largest metropolis of China (p. 34).

Published every Monday by
BEIJING REVIEW
24 Baiwanzhuang Road, Beijing
The People's Republic of China

General Editorial Office Tel: 893860
English Department Tel: 890951-546
Distributed by China International Book
Trading Corporation (GUOJI SHUDIAN)
P.O. Box 399, Beijing, China

Subscription prices (1 year):
USA US\$22.00
Australia A.\$22.00
New Zealand NZ.\$30.00
UK £12.00
Canada Can.\$21.00

Mankind Must Control Its Own Expansion

by LI LI

July 11 this year was believed by the UN to be the day on which the earth's five billionth citizen was to be born. The day serves as an alarm to the world: Its population has grown too fast.

Human beings evolved around 4 million years ago. The species has gone on to increase its numbers in the battle against the elements. By 1830, the number of people had grown to one billion. Following the swift development of medical sciences, the world's population rose quickly. By 1927, it had reached two billion. In 1960, that is, 33 years later, the figure was a billion more; and the next billion were added in 14 years, so the world's population was four billion in 1974. The latest billion arrived in only 13 years.

For people to be winning in the battle over nature is a good thing, but the pace of the population increase has been too quick in the past century, producing a "population explosion" which is cause for concern.

Ninety percent of the increase is taking place in developing countries, where the population constitutes three quarters of the world's total. The greatest numbers of new births are concentrated in the areas with the backward economy and low living standards. The rapid increase of the population retards economic development and cultural progress, and slows down the improvement of living standards in these areas. UN statistics show that there are at least 730 million people in the world with too little to eat, at least 100 million people are homeless and over one billion people are crowded into inadequate living quarters. Most of these people live in developing countries.

The seriousness of the problem goes much further. The UN

predicts that the world's population will continue to grow in the coming 110 years. At the present pace, the world's population will grow to 6.1 billion by the year 2000; and in 2022 when the five billionth baby reaches 35, the world will be supporting eight billion people—the estimated maximum by scientists. Yet by 2060 when the five billionth person is 73, the earth will have 10 billion people on it. This will far outstrip the earth's resources.

The growth of population ought to be kept in line with economic growth, resources availability and the ecological balance. Only by controlling its own expansion can humanity extricate itself from coming predicament. Family planning is the solution.

China is the most populous country in the world. When New China was founded in 1949, its population was 540 million. Misguided thinking during the 1950s which saw only the "strength" of a big population but not the problem it may cause led to a considerable growth of the population. By the end of the 60s, China's population exceeded 800 million. This serious error left much trouble to the later generations. Since the 70s, family planning has been practised, and the natural growth rate dropped from 25.83 per thousand in 1970 to 11.28 per thousand in 1985.

According to a survey done by the World Bank, China's efforts in population control delayed the "Day of the Five Billion" by about two years and the world's population is thus 130 million less than it might have been. The survey also shows that chiefly because of the slow down in the growth rate in China, the world's overall annual growth rate dropped from 19 per thousand in

the 70s to 17 per thousand today.

China's family planning activities comprise a number of elements.

— Extensive education work, with the emphasis on the rural areas where 80 percent of China's population lives, so that the people learn to understand the necessity of family planning and practise it voluntarily;

— Economic rewards and restrictions as a supplement to education work;

— Advocacy of late marriages and one-child families;

— Free contraceptives and birth-control service, free choice of family planning methods;

— Running nurseries and old-people's homes well, so as to guarantee healthier children and obviate the traditional concepts of "dependence on the children in old age" and "the more children the better";

— Raising the status of women to genuine equality and equal pay for equal work, so that people will not seek a second child if the first is a girl.

The natural growth rate of China's population was 14.08 per thousand last year, a rise over recent years. One of the reasons is that family planning work has slackened in some localities. This has not gone unnoticed by the government and the people, and appropriate measures are being adopted. Although China is expected to enter another baby boom period in 1987, the rise of growth rate can be checked since one-third of China's couples are willing to have one child only. And if half the families in the countryside have only one child, China can achieve its goal of limiting its population to around 1.2 billion by the end of this century.

Kohl Comes for Closer Relations

Speaking at a banquet in honour of Federal German Chancellor Helmut Kohl, who arrived in Beijing on July 12, Chinese Premier Zhao Ziyang said the close ties between the two countries have become a model of friendly co-operation between developed and developing nations of different social systems.

Kohl, whose July 12-19 trip was his third visit to China, told Zhao that Federal Germany realizes China's concern over the trade imbalance between the two countries and is doing its best to reduce the gap. Federal German statistics show that the difference last year was US\$1.6 billion in Bonn's favour out of total trade worth US\$4.2 billion.

Zhao told Kohl that China welcomes Federal Germany's attempt to expand imports from China. But according to the head of propaganda department of the Chinese Ministry of Foreign Affairs, besides textiles, China cannot turn out enough presentable products for export. Raw materials and semi-finished products are badly needed in China.

Kohl said the two countries have built a healthy foundation for long-term co-operation. "It is important for us to carry on the prospect of our co-operation to the 21st century," he said. He added that China welcomes Federal Germany's investment and suggested the establishment of a small advisory organization of senior officials from both countries to consider the expansion of bilateral relations.

Federal Germany has been China's largest trading partner in Europe for the past few years and its fourth largest in the world, behind the United States, Japan and Hong Kong. Last year, trade volume between China and Federal Germany was up 16 times compared with 15 years ago.

More than 2,000 Chinese students are being trained in Federal Germany thanks to scholarships from the Bonn government, and Kohl said his government will soon increase the number of scholarships to 3,000.

At the same time, more Federal German students are studying in China.

On international issues, Zhao said China considers it important to have medium-range missiles reduced simultaneously in Europe and Asia.

"The strengthening of the

Western European alliance, the improvement of relations between Eastern and Western Europe, and the development of Sino-European co-operation are important elements in world peace and stability," Zhao said.

According to a member of the Federal German delegation, both Zhao and Kohl expressed their appreciation for Soviet leader Mikhail Gorbachev's current reform in Soviet Union.

Kohl, the first top Western government leader to visit Tibet since 1949, said before leaving for

Helmut Kohl and Deng Xiaoping

LIU JIANGUO



Lhasa that Federal Germany and other countries of the international community agree that Tibet is part of Chinese territory.

After a two-day stay in Lhasa, Kohl said he had experienced a harmonious atmosphere there and been deeply impressed by the efforts of the region to improve the life of its people. He said his visit had been aimed at gaining a better understanding of China and looking for areas of co-operation between his country and Tibet. ■

Abnormal Weather Threatens China

It's human nature to complain about the weather. When it's scorching hot in summer or freezing cold in winter, very wet or very dry, everybody wants a change. But when unexpected weather comes, people get nervous and vigilant. The abnormal conditions could presage a natural disaster.

China's past winter was warmer and drier than usual, leading to some losses in agriculture and forestry, and parts of the country are experiencing a rainy summer. Will 1987 turn out to be a year of natural calamities? It is too early to say because the weather has been so capricious. But scientists are calling for a close watch on the weather and for all-out preparations for potential natural disasters.

"For the seventh time since the founding of New China in 1949, we are seeing the *El-Nino* phenomenon in the world. Five times, it affected China's weather and brought about a calamity. This time we don't want to rely on luck; experience tells us we must be watchful," said Zhao Zhengguo, a meteorologist at the Central Meteorological Observatory.

El-Nino refers to an abnormal rise in the temperature of the Peru Ocean Current in the equatorial area of the east Pacific Ocean. It

causes the death of fish and affects the global weather. It generally happens around Christmas every three to seven years and lasts about one year. Because it tends to come at Christmas, the phenomenon got the name *El-Nino*, which means holy baby in Spanish.

The previous *El-Nino* in 1982-83 caused a great disaster in China, Zhao said. The current phenomenon started last autumn and some people have linked it to the abnormal weather in the first half of this year.

"Last winter was the warmest since early 1950s," said Zhao. "The average temperature last December in most parts of China was 1-2 degrees centigrade higher than normal. In January and February, the average temperature was 2-3 degrees higher, and in some places 4-5 degrees higher."

Also, he said, the winter was dry, which made it easier for forest fires to start. But while the winter was abnormally warm, the spring that followed was snowy and cold. Moreover, rainstorms, hail and tornadoes came earlier this year and affected a larger area.

"In the past 37 years, the *El-Nino* phenomenon has been linked five times to disastrous floods in China. This summer, we have seen some local flooding. It is a rainy summer, but the precipitation is and will be uneven," Zhao said. He added that the rainfall will probably be heavier than usual in the Changjiang (Yangtze), Huanghe (Yellow) and Haihe river valleys. Some waterlogging and floods have already occurred in these areas. The Changjiang River is the one that requires the closest attention, he said.

Judging from the present situation, some hydrologists think a catastrophic flood affecting the whole Changjiang River valley this year seems unlikely. Experts from the Planning Office of the Changjiang River System in Wuhan, central China, explained that precipitation along the river

basin usually moves northward from late July, which will mean less rainfall. Also, they said the water level of the river is lower than in previous years. By the end of June, the highest level of the river's Wuhan section was just 20.8 metres, a rare low in the past three decades. But they did not rule out the possibility of heavy rains that would cause big floods in certain parts of the river.

Indeed, in the provinces of Sichuan, Hubei, Guangdong and Anhui, and some other places, recent heavy rains have already caused big floods, destroying houses and farmland.

In Sichuan Province, torrential rains that started on the evening of July 9 hit some 45 counties, closing roads, cutting off communications and causing landslides. The rain in 22 counties was measured at 100-240 mm.

In Hubei, the provincial government said 42 people died and 120 were severely injured during a spell of rainstorms this month. The downpours in 41 counties damaged 33,600 houses, flooded 778,000 hectares of farmland, smashed 1,447 river dykes and washed away 518 bridges. In the seven worst-hit counties and cities, the rain was as high as 400 mm.

Zhao said, "Summer is only half over, it is hard to say what the weather in August will be. We should watch closely and be ready to cope with a possible large-scale disaster."

by Li Haibo

State Announces Research Awards

Scientists of the Ministry of Geology and Mineral Resources and the China National Nonferrous Metals Corporation have won a special award for developing a theory of ore formation and patterns which has helped locate large reserves of

copper, sulphur, gold and silver on the lower and middle reaches of the Changjiang (Yangtze) River.

The National Committee for Examining Scientific Advances announced on July 14 a total of 818 awards for research achievements that promote scientific and technological advances. Four achievements won special awards; 50, first class awards; 241, second class; and 523, third class.

The winners were chosen from 3,331 major scientific research findings across the country in 1985 and 1986. From now on, the awards will be bestowed on 500 scientific achievements each year.

The winning projects include a micro-neutron-producing reactor, research on super-precision axles and lathes, and techniques for building tarmac roads on frozen ground.

Some items are firsts in China, including a computer-laser Chinese character editing and typesetting system; a technique to smash kidney stones without surgery; and a comprehensive survey of Beijing using aerial remote-sensing.

The items with notable economic and social benefits include the building of 270,000-ton bulk cargo ships that were sold abroad, earning US\$91 million for the state; technology for developing a low-carbon steel; a residual-oil treatment technique; research for improving goat hide tanning; and the breeding of a new fine-wool sheep.

Incomplete statistics show that 34 items which won special or first-class award have brought about a direct economic return of more than 2 billion yuan.

Awards also went to 145 scientific achievements related to China's national defence.

According to the Regulations on Awards to Promote Scientific and Technological Advances, promulgated in 1984, special award winners will receive bonuses of 200,000 yuan, first-class winners 15,000 yuan, second-

class winners 10,000 yuan, and third-class winners 5,000 yuan. ■

Water Power Pays Off

The Gezhouba hydroelectric project on the Changjiang (Yangtze) River, the biggest water conservancy project in China, generated 36.1 billion kwh of electricity between 1981 and May, 1987. The total output value of nearly 2.2 billion yuan equals 90 percent of the investment during the first phase of the project.

The first phase involved the construction of a 2,600-metre-long dam, the Erjiang power station, a sluice gate, a scouring sluice and two lock gates. The second phase of the project, now under way, consists of the Dajiang power station, a scouring sluice and a lock gate.

The Gezhouba project, located at Yichang City, Hubei Province, is designed to have 21 hydroelectric generators, with a total capacity of 2.715 million kw. The planned output is 14.1 billion kwh a year. So far, ten 125,000-kw generators and two 170,000-kw ones are running, with a combined capacity of 1.59 million kw. By the end of this year, five more 125,000-kw generators are scheduled to be in operation. Besides phase two of the main project, two related projects are also under way—the 500,000-volt Dajiang transformer and a 500,000-volt transmission line linking Gezhouba and Shanghai.

Chinese Sturgeon: Some people were worried that the damming of the Changjiang River might hinder Chinese sturgeons from swimming to its upper reaches to spawn and then returning to the sea. This would change the habits of the valuable fish and could even cause its extinction.

In 1981 some aquaculture experts suggested the testing of artificial breeding techniques. The

experiment was a success. In 1984 the Research Institute of Chinese Sturgeon Artificial Breeding, located near the Gezhouba project, incubated the fish by hastening parturition and threw more than 6,000 of the sturgeons into the river. To the end of 1986, the institute had artificially bred about 1 million Chinese sturgeon and had placed 467,000 of them in the river. The achievement was recognized by the Ministry of Water Resources and Electric Power.

The Chinese sturgeon, which is of great scientific as well as economic value, is protected by the state. Known as a "living fossil," the fish evolved from one that lived during the dinosaur era, and has existed for about 140 million years.

Usually, a mature Chinese sturgeon enters the Changjiang River from the sea every autumn. It follows the river about 3,000 kilometres to the Jinsha River within Sichuan and Yunnan provinces, where it spawns. When the young fish grows about 15 cm long, it swims downstream to the sea. It can live about 50 years and weigh several hundred kilogrammes.

by Lu Yun

Summer Leaves Beijingers Cold

Beijing people aren't interested in getting a sun-tan. Pale girls worry that the summer sun will turn their skin yellowish or dark grey, instead of a pretty bronze. Families prefer to sit down to a 50-to 100-fen watermelon in their cramped house after supper.

This summer, as usual, Beijing is rainy. There are downpours almost every week. Although the weatherman says 34 degrees centigrade is the highest temperature so far, for those who are not used to it, Beijing is unbearable. Beijing people prefer winter's



Melons rolling into town.

LI YUTING and DING HUA WU Harmonica ensemble

LI YUTING and DING HUA WU

freezing cold to summer's sultry heat. In winter there is heating almost under every roof, but in summer there's hardly any air-conditioning, with the proud exception of the CITIC building towering on the Chang'an Boulevard and hotels catering to foreigners. Still, young people can always find a place to cool down after work. They can stroll through the burgeoning open-air free markets with their sweethearts or their friends, eyeing dumplings, trendy dresses, cheap decorations and foreign cigarette lighters. In Xidan Street, peddlars line the roadsides every night from 6-10, crying their wares until beads of sweat well up on their foreheads and their eyes get red.

Because of the poor quality of the food and the high prices for the dresses in the free market, other young people swarm to Yuyuantan Lake Park to swim. On weekends, the 65-hectare lake has to accommodate more than 2,000 people at the same time. One particularly hot day—July 19—more than 3,000 people jumped into the lake and forced the silt up to the surface. At times like that, serious swimmers quickly head for the canal, where they can escape the large crowds, although the clean part of the narrow canal is quite limited.

Only early birds can really enjoy the cool tranquility of Lake Yuyuantan and the weeping willows on the banks. One of the early risers, a retired steel worker, said about 20 people come to the lake around 5:30 each morning. After splashing in the water for an

hour or two, they play chess or catch fish bare-handed until 11 am. For the 20, he said, swimming in the lake is the best part of their lives. Even in the freezing winter, they visit the deserted lake every morning. He said he feels extremely close to the lake in winter, when there is no sign of green around the lake and the leafless willows and poplars lament their bare branches and trunks.

Besides the crowded lake, a limited number of jammed swimming pools and night markets, there are also some ballrooms where Beijing people can kill their evenings. Tickets are priced at about 10 yuan each, 10 percent of a month's wages for the average person. There are also privately owned restaurants and food stands, selling mostly orange soda, beer and dumplings. But unlike residents of Shanghai and Guangzhou, who are beginning to appreciate night-life, decent Beijing dwellers normally stay at home. Only a few youngsters with punk haircuts are seen in the shabby night restaurants or at the stands, gulping bottle after bottle of beer or orange soda.

Famous Tiananmen Square draws thousands of Beijing natives at night, enjoying the cool night air.

Some government organizations such as the Ministry of Culture, give their employees summer holidays of seven to 20 days. People who have worked for more than five years may also get a subsidy of about 70 yuan for travelling outside Beijing. So

despite the poor transportation and lodging, many government employees head for the beaches of Qingdao or Beidaihe, but not for a sun-tan, of course.

These days, train tickets to Beidaihe, Qingdao and other popular places are so much in demand that a temporary inspection office has been set up at Beijing Railway Station to catch black marketeers. Earnest beach lovers have to either get up at 4:30 am or book tickets five days ahead. In the circumstances, many people are abandoning the idea of leaving Beijing for their holidays.

A young married interpreter in Foreign Ministry said, "Considering last year's struggle to get the tickets and survive the smoke filled train compartment, and the murderous prices at the so-called scenic spot, I would consciously opt to stay at home."

by Zhao Zonglu

Factories Adopt New Work System

Some 4,000 major industrial enterprises—51 percent of China's total—have adopted the contractual responsibility system, a senior Chinese official says.

Speaking at a national conference on the campaign to increase production and improve the economy, Lu Dong, minister in charge of the State Economic Commission, described the system as the "salient feature" of the nationwide campaign.

Under the system, managers

take responsibility for ensuring production, marketing, product quality and workers' benefits. They are rewarded for meeting quotas and penalized when they don't.

"The spread of the system nationwide indicates that China's enterprise reform has entered a new stage with the focus on improving the management mechanism," Lu told the conference.

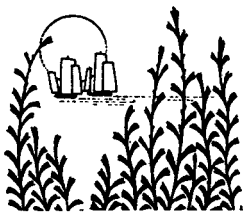
The system separates the ownership of enterprises from managerial authority, he said, adding that this enables enterprises to assume explicit economic responsibility, and to enjoy full managerial authority and economic benefits, while the State retains ownership of the enterprise.

The system also combines reform with enterprise development, he said. It gives impetus to tapping the full potential of enterprises and encourages increases in production and cost saving.

According to a nationwide survey by the State Economic Commission in localities where the system has been introduced, both managers and workers have retained their enthusiasm for the system and have effectively implemented the campaign to increase enterprise revenue.

Since the system's introduction in Northeast China's Jilin Province four years ago, the province has posted high rates of growth in output value, revenue, profit and taxes.

Jilin's revenues have risen at an average annual rate of 19 percent over the past four years and grew by 16.2 percent in the first half of this year. ■



Weekly Chronicle (July 13-19)

POLITICAL

July 13

■ An official of the Supreme People's Procuratorate says procuratorates at all levels handled 22,740 economic cases in the first five months of this year, *Jingji Ribao* (Economic Daily) reports.

Investigations were opened and prosecutions started in 10,758 of the cases. Of the total, there were 1,552 bribery cases, involving the arrest of 538 people, including 185 Chinese Communist Party members. Some of the bribe-takers were officials above the county magistrate level.

July 15

■ Deputies to the National People's Congress (NPC) will be able to inspect grass-roots units more easily using new identification cards issued by the General Office of the Standing Committee of the NPC, Xinhua reports.

Inspections used to be conducted by groups in a centralized way. Now deputies can go to any units near their home whenever they like. They will generally be looking at how the Constitution and laws are being put into effect and how the resolutions and decisions of the NPC and policies made by the government are carried out.

ECONOMIC

July 14

■ Work has started on China's longest highway bridge on the Huaihe River, Xinhua reports.

The bridge, located in Huaibin County, will be 1,110 metres long and 12 metres wide. It will be a vital communications link for Henan, Anhui and Hubei Provinces.

July 16

■ Customs statistics show that China's export value in the first six

months of this year hit a record US\$16.63 billion, *Guoji Shangbao* (International Business) reports.

CULTURAL

July 16

New China's first copyright law is likely to go to the NPC for discussion this year, according to the first national conference on copyright, which ended in Qingdao today.

The draft law is subject to suggestions from people nationwide.

SOCIAL

July 16

Beijing has opened a hospital of traditional Chinese medicine especially to serve foreigners and overseas Chinese, Xinhua reports.

The Xiaoyuan International Hospital of Traditional Chinese Medicine is named after Yuan Xiaoyuan, a Chinese professor who has come back from the United States. She launched a fund-raising campaign for the hospital, — the first of its kind in China set up without government funds.

July 18

A minor explosion occurred in Tiananmen Square at 11:50 pm on July 17 but caused no injuries or damage, Xinhua reports.

An unidentified man described as a non-Beijing resident was arrested by police with the help of bystanders. The public security department is investigating the case.

FOREIGN RELATIONS

July 16

An agreement on economic and technological co-operation between the Chinese and Grenadian governments is signed in Beijing.

USA

Irangate Inquiry to Tackle Legal Issues

The Iran-contra hearings are nearing the end of their fact-finding phase. The next step is to address some legal questions.

The US Iran-contra hearings once again overshadowed the soap operas when major figures at last appeared before the joint congressional committee probing the covert operations.

Since the presidentially appointed special review board, known as the Tower Commission, issued a report on its investigation in late February, there have been some new developments. But the most publicized questions have centred on President Ronald Reagan's knowledge of the controversial events. Did Reagan know about the diversion of funds from the secret sales of arms to Iran to aid the Nicaraguan contras? Did he know about White House co-ordination of possibly illegal military aid to the contras after Congress prohibited such assistance in 1984?

During this round of hearings, the three key figures in the operation, Oliver North, Robert McFarlane and John Poindexter, failed to produce evidence that a "smoking gun" memo from them reached the Oval Office and got the president's signature. Daniel Inouye, chairman of the US Senate's Iran-contra panel said on July 12 after hearing North's strongly worded testimony, "I haven't seen anything as far as I'm concerned that would be sufficient grounds to impeach the president of the United States." The Democratic senator also served on the committee that investigated the Watergate affair more than a decade ago. That scandal ended up with the resignation of President Richard Nixon in 1974 amid calls for his impeachment.

Actually, neither the Republicans nor the Democrats in

Congress want the current crisis to hurt the image of the US presidency too much. House of Representatives Speaker James Wright and Senate Majority leader Robert Byrd have repeatedly called on people to refrain from putting salt on Reagan's wounds because of the clear differences between Watergate and Irangate.

Most Americans see Watergate as something relative to factionalist conflict, while the Iran-contra affair is seen as the outcome of efforts by the president and his staff to rescue American hostages kidnapped by terrorists or to patch up the relationship between the United States and Iran by any means necessary. So Americans don't seem to be holding Irangate against the president. A recent straw poll shows the president still has the support of 40 percent of Americans and the figure is expected to rise to 50 percent.

A blow such as the president's impeachment might be more than the economy could bear. It could trigger a steep fall in prices on the stock markets, which have recently been skyrocketing. It could also give the cue for the next economic crisis, for which conditions are ripe. Finally, a presidential crisis would lead to a further plunge in the value of the US dollar and could provoke a major dollar crisis. Such considerations may be deterring congressmen from sending Reagan to follow Andrew Johnson, the only president in US history to be impeached.

After having looked into what the president knew and when, the next phase of the probe will turn to

the broad issue of what went wrong in a system of government designed to prevent abuses of authority.

The US Arms Export Control Act bans any shipment of weapons to countries which sponsor terrorist activities. Iran tops the State Department's list of countries that accommodate and support terrorists in the Middle East and elsewhere. The secret transfer of US-made weapons from Israeli stocks also seems to be prohibited by the act, which specifies that Congress must be informed before this kind of operation occurs.

A key question raised in the hearing is whether the members of the National Security Council (NSC) and the Central Intelligence Agency (CIA) violated laws against supporting Nicaraguan rebels. As early as 1984, it was learned that the CIA was involved in secret operations in Nicaragua. As a result, the legislators toughened the Boland amendment and barred any US military aid to the contras from 1984 until 1986. This act also appears to prohibit the use of profits from arms sales to other countries or private donations for this purpose. But North said it was a good idea to use the Ayatollah's money in support of the contras.

Some Reagan officials have taken refuge in legalistic quibbles about exactly what the Boland amendment prohibits. They say the amendment only prevents the White House from using intelligence agency funds to arm the contras. They even maintain that it is unconstitutional for Congress to limit the president's power in foreign affairs by interpreting the amendment too liberally. Reagan and his staff also argue that the NSC is an advisory body and not an intelligence agency that is bound by the Boland amendment.

Critics of these arguments say Reagan had plenty of time to declare that he thought the amendment unduly limits his powers before he signed it.

Concerning the role of the NSC in the covert operations, they say the White House is using the council to get around the lawmakers, who are keeping a watchful eye on the CIA.

The dispute over the Iran-contra affair is expected to provoke a constitutional question: Do the president and his Executive Office still work on the check and balance principle, particularly when formulating and conducting foreign policy?

Under the 1974 Hughes-Ryan amendment to the Foreign Assistance Act, a president must approve any covert operation by signing a "finding" that the operation is important to national security. The president must, by law, provide the congressional intelligence committees with timely notification of covert operations by the CIA and other intelligence agencies. But some operations—including the sale of US arms to Iran and the transfer of the profits to the contras—were kept secret. The White House argues that the laws barring aid to the contras did not limit the president's constitutional power to manage foreign policy. The executive branch, knowing that it would not get an approval from Congress, decided to leave congressmen in the dark, relying on the executive privilege granted by the constitution or a liberal interpretation of the constitution in dealing with foreign policy and activities.

Since it was drafted in 1787, the US constitution has been based on the separation of legislative, executive and judicial functions. But the powers and limits of each branch have always been open to debate. Each president, as chief diplomat and commander-in-chief, can argue that he is free to use special agents to carry out foreign activities despite the wishes of Congress.

When facing an unhelpful Congress, a president relies more on his Executive Office. Established in 1939 by Franklin

Roosevelt, the office is the administration's top-ranking policy-maker. In particular, the Assistant for National Security Affairs—McGeorge Bundy in the Kennedy administration and Henry Kissinger in the Nixon administration—has taken an increasingly dominant role in formulating foreign policy and in crisis management.

It is said that the Iran-contra hearing illustrates vividly that key players within the Reagan administration set themselves above the law. But at the congressional hearing, North castigated Congress for pulling the rug out from under the White House while it was trying to combat Soviet expansionism and carry out an

active US foreign policy.

Although the US constitution has been flexible enough to survive 200 years, it may be time to have another look at this historical masterpiece. The increasing power of the government, particularly of the White House, often encroaches on areas reserved for others and can create more opportunities for the abuse of powers. At the same time, the US government sometimes seems unable to act efficiently. On the eve of the constitution's bicentennial, it seems there is a need for a realistic assessment of the document with a view to its continual evolution.

by Wan Di

FRANCE

Significance of the Barbie Trial

The trial of notorious Nazi criminal Klaus Barbie has ended, but the case provides much food for thought.

The trial of Nazi war criminal Klaus Barbie, known as the "butcher of Lyon," has finally ended after four years of investigation and two months of court sessions. Barbie was sentenced on July 4 to life imprisonment for his "crimes against humanity." But in a sense, the trial is not over: it lingers on in people's minds and reminds them not to let the historical tragedy recur.

As former French President Georges Pompidou said when Barbie's whereabouts was confirmed 15 years ago, time can erase some memories but not all. Barbie's crimes against humanity can never be forgotten or forgiven.

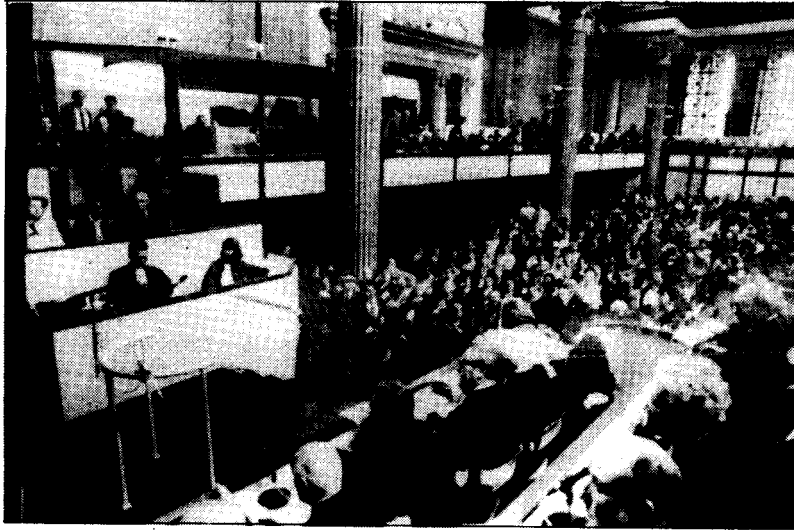
Barbie had a comfortable life after World War II. From 1951 to 1983, he lived a life of ease in South America. He even made a bold European tour, including Paris, to see whether his crimes had become history. The lapse of time had made two French

verdicts against him in his absence null and void. He assumed that the distant continent on which he lived was beyond the reach of France and that time could make people forget him.

But he was wrong. France would go on stalking him as long as he was alive. In 1972, when the news that Barbie was in Bolivia

Klaus Barbie being led into court.





The Lyon court in session.

was confirmed, then President Pompidou immediately decided to ask the Bolivian authorities to extradite him to France. The extradition failed because Bolivia had a right-wing military government. In 1982 a civilian government took power in Bolivia and French President Francois Mitterrand strengthened co-operation with the new government. After painstaking efforts, France at last got Bolivia to agree to deport Barbie, and he was finally brought to the place where he should have been long ago — a prison in Lyon.

Many people have devoted their lives to the capture of Barbie and other Nazi war criminals who remain at liberty. These Nazi hunters are seeking not merely vengeance but also justice and peace.

Some people feared that 43 years after the war people's hatred of Nazi criminals has dissipated and that the trial of Barbie, now a haggard old man, might not achieve the expected results. Others feared that young people born after the war might be indifferent in the trial, which would considerably reduce its educational value. But all these fears proved groundless. As a French journalist wrote during the trial, "The French people are re-reading the most miserable page of

their history." They were reminded of the painful past, and their determination to safeguard peace was strengthened.

But a phenomenon known as "historical revisionism" also re-emerged in the course of the trial. The "revisionists" want to reverse the history of World War II. They say the holocaust has been talked about too much by historians, and the concentration camps and gas chambers never existed. Some people gathered outside the court, distributing booklets advocating this opinion. Sociologists feared that the "revisionist" trend would influence public opinion and interfere with the trial. But polls conducted before the trial showed that most people do not agree with this trend. On the contrary, they think the history of World War II should be publicized more and that young people, in particular, should know about it. One sociologist, after analyzing the results of the polls, said he felt easy and was encouraged because they meant that the "historical revisionism" could not dominate the media. The trial was not only necessary, but came in good time, he said.

On the other bank of the Rhine River in Barbie's homeland, the reaction to the trial was subdued. No doubts were raised about

Barbie's guilt, except by one small and little-known newspaper. The West German government and people condemned Barbie and had asked for his extradition and trial.

West Germany's attitude towards the role Nazi Germany played in World War II has gone through twists and turns. France and Germany fought three wars in less than 100 years, and suspicion and distrust clouded their relationship in the early post-war years. The West German government initially evaded the subject of the war atrocities committed by Hitler's Germany. This hurt relations with France and encouraged the re-emergence of fascist forces in West Germany. But in the 1960s, the West German government began to face the historical realities and changed its attitude. It assumed responsibility for the war and offered to apologize to the countries that were invaded by Nazi Germany. This created the conditions for better relations between West Germany and its neighbours. On a visit to Poland in 1970, then West German Chancellor Willy Brandt knelt down before the Warsaw Jews Memorial to express his deep repentance. Brandt, the chairman of his Socialist Democratic Party, had no personal responsibility for the war. He was acting on behalf of the West German people. His courage and farsightedness, which still draw admiration, helped West Germany achieve a historical reconciliation with neighbouring countries. The West German repentance for the war also contributed to the steady development of its co-operation with France since 1963.

The West German people have not forgotten their Nazi countrymen. According to a private organization, West Germany has conducted some 90,000 investigations into Nazi war criminals and 6,000 cases have come to court. A thousand more cases are under investigation. Prosecutions are difficult because of a lack of evidence and witnesses, but the

West Germans are persevering in the hope that the historical tragedy will never be repeated. The remnant fascist forces in West Germany, unlike in another defeated country, can not stir up big trouble today. Public opinion does not tolerate them.

A French journalist wrote that

it might be too late to investigate other Nazi escapees, but it is never too late to analyze the Nazi phenomenon from a historical perspective. This echoes the voice of the people of the world, who oppose aggression and war and are calling for peace.

By Zheng Yuanyuan

DAKAR MEETING

Important Step to Ending Apartheid

The Dakar Declaration, jointly issued by the African National Congress and a group of white South Africans, represents the gravest challenge so far to P.W. Botha's racist regime in South Africa.

An 18-member delegation of the African National Congress (ANC) and more than 50 South African whites have agreed on the need to remove apartheid and build a united, democratic and non-racial South Africa. The agreement is set out in the Dakar Declaration, jointly issued by the two sides on July 12 after a three-day meeting in Dakar, capital of Senegal. The parties called for a negotiated resolution of the conflicts in South Africa and held the Pretoria regime mainly responsible for obstructing negotiations. "The unconditional release of all political leaders in prison or detention and the lifting of bans on organizations are fundamental prerequisites for such negotiations to take place," the declaration says.

The meeting in Dakar was the first of its kind since a group of Afrikaner businessmen met ANC representatives in Zambia in September 1985. The white delegation included politicians, scholars, farmers, businessmen, artists and sports figures. It was led by former leader of South Africa's opposition Progressive Federal Party (PFP) and president of the Institute for a Democratic Alternative for South Africa

Frederik van Zyl Slabbert, who headed the PFP delegation at the 1985 meeting with ANC leaders in Lusaka, capital of Zambia.

The South African authorities have denied the status and role of the ANC in negotiations to find a solution to the country's problems. But an increasing number of white people in South Africa and the West have recognized the ANC. The head of the white delegation in Dakar said the ANC will be a decisive part of any settlement in South Africa.

Danielle Mitterrand, wife of the French president and leader of the France Liberte foundation, helped organize the talks. Before the meeting some Western officials, including US Secretary of State George Shultz, held talks with the ANC leaders to discuss the future of South Africa. So the ruses of the South African authorities to isolate the ANC have not succeeded.

The apartheid policy of the Pretoria regime is unpopular and many white people in South Africa have lost confidence in President Botha's ability to solve the country's problems. The centrifugal tendency within the ruling clique is growing stronger and contradictions are widening.

Some distinguished members of the ruling National Party of South Africa—including a member of parliament, Wynand Malan, and former ambassador to Britain Denis Worrall—have broken away from the party. They publicly stand for the repeal of all the racist laws and giving the black people political freedom. Twenty-eight professors and lecturers at Stellenbosch University, of which Botha is the president, have quit the party because the Pretoria authorities have refused to accept more reforms. About 330 academics at the university wrote to the president urging him to abandon the racial discrimination laws and end white rule. The opposition PFP has exerted constant pressure on the Pretoria regime. Zyl Slabbert has asked the South African authorities to engage in a dialogue with the ANC and pointed out that Botha's reforms are a hoax. He pledged to co-ordinate the opposition forces to realize the aim of destroying apartheid. By leading a big delegation to talks with the ANC, he put his pledge into action.

Diplomatic and political analysts said the meeting has paved the way for further talks between the ANC and white South Africans who reject both the ideology and practice of the apartheid system. Senegalese President Abdou Diouf described the meeting as "one of the most significant meetings of the century." South Africa "is living through a period of transition, a decisive moment in its own history and in the history of Africa," Diouf said. However, the Pretoria regime sharply attacked the meeting. Pretoria-run Radio *South Africa* and the Afrikaner Resistance Movement called the whites' meeting with the ANC an "act of betrayal." The analysts said Pretoria's attack on the Dakar meeting reflects its fear of future contacts between the ANC and white South Africans.

by Xu Dewen

Forecast for China's Auto Industry

by Gao Hanchu*

Emerging as the major prop for the economic development in the Seventh Five-Year Plan period (1986-90), China's auto industry will base its growth on the forecast of future requirements. This is based primarily on the demand for cars in China. The importance of car production is obvious if we look at its worldwide development. The annual world output of motor vehicles totals 42 million; cars make up 75 percent of this.

For a long time, demand for cars was straitjacketed in China, and their production did not grow as it should have. Today, the annual output of cars only accounts for 2 percent of China's motor vehicle industry's output. Neglect of the development of cars is one of the major reasons for the auto industry's sluggish growth. Without promoting cars, it will not become a major industry. There is a limit to the demand for heavy-duty lorries, but cars have a huge potential market in the country.

More cars are an inevitable outcome of economic development, and China is no exception. In recent years, along with the implementation of the open policy and development of the domestic economy, the number of cars needed has increased rapidly. Between 1980 and 1985, the total number of cars in use and available for sale increased by 100 percent, from 240,000 to 480,000, an average growth rate of 15 percent a year.

From now to the end of this century there will be a growing demand for cars in the public and commercial fields. A large number of cars are expected to be needed by government departments, organizations, state-owned enter-

prises and institutions, and more demand will accompany the rapid development of the 1.7 million township enterprises and the 150,000 urban collectively owned enterprises. It is estimated that their total output value will increase by more than 10 percent annually in the remaining years of this century. One of the striking characteristics of these enterprises is that they are small in size and widely dispersed. To develop their business activities, they are in desperate need of convenient transport facilities. A recent survey of 1,000 township enterprises shows that at least one car will be needed for every two enterprises.

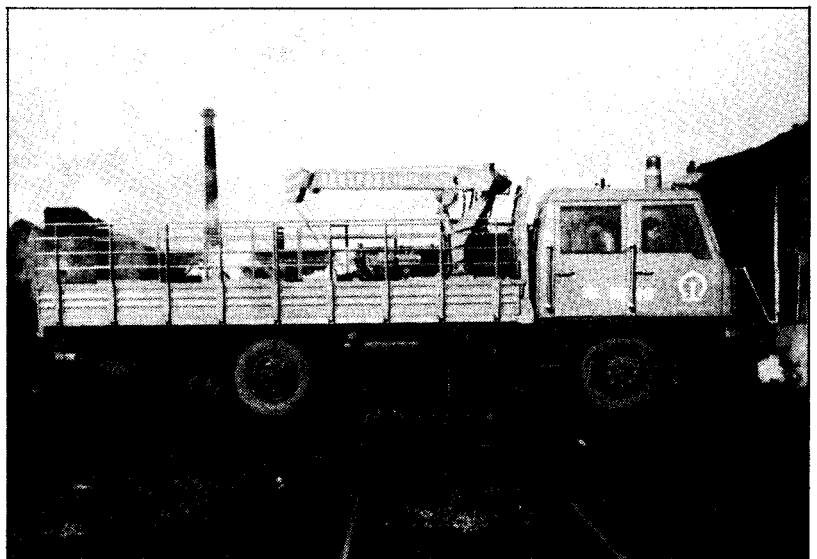
With the development of the tourist and taxi services, the number of cars needed will also increase. There are more than 40,000 taxis in China's big cities. Taxis will spread in other urban areas in the years to come. Given the incomes of the Chinese people, it is impossible for many of them to use taxis. The number of cars

needed by the taxi department can only grow with increasing demand. Forecasts on these three areas show that a total of 2 to 2.5 million cars will be needed. Of the total, 1-1.2 million will go to government departments, organizations, state-owned enterprises and institutions, 800,000-1 million to township enterprises and urban collectives and 200,000-300,000 to taxi and tourist departments.

With the expansion of the national economy and rising incomes, private car ownership will soon be put on the agenda. A few Chinese households can now put aside the money for a car, but given the development level, the growth rate of the national economy and the huge population in China, it will take a long time for cars to be owned by Chinese households. It is expected that a heavy private demand for cars will be apparent next century. This century's demand will be confined to the very high-income bracket. The forecast for consumption

A multi-purpose truck which can drive on the road or run on railway tracks.

ZHAO YUQING



*Gao is a researcher of the Technical and Economic Research Institute of the State Economic Commission.

Forecast for the Number of Motor Vehicles in Use and in Demand

Year	Vehicles in Use (unit: 10,000)					Vehicles in Demand				
	Total	Cars	Goods vans	Coaches	Trucks	Total	Cars	Goods vans	Coaches	Trucks
1990	500-550	70-80	25-35	35	370-400	67-84	9-13	5-9	6	47-56
1995	805-915	140-170	70-90	55	540-600	114-147	26-34	16-20	8	64-74
2000	1,300-1,520	300-400	150-200	80	770-820	186-212	60-73	29-39	10	87-90

patterns shows that housing and household electrical appliances will top the demand list for the rest of this century. High-income households which already own these things will then turn to the purchase of cars. According to a sample survey, the potential car buying households this century are 5 percent of all households. Although the figure is small, it represents about 15 million households. Of course, not all these potential households will actually buy a car.

A recent survey of 1,000 high-income households shows that 10 to 15 percent of them wish to buy a car. They live in big cities or around them and in other developed areas, ranging from specialized production households, cadres, business people to a small minority from the ranks of middle-aged and young workers, staff members and farmers. They want cars for all the usual purposes—for business and household errands, for transport to and from work, and for travelling. According to the survey, it is estimated that the total number of cars for private use in the century will be 1 to 1.5 million.

Given the characteristics of the growth of the economy and particularly of the township enterprises and specialized households, there will be an increasing need for goods vans also. Studies of these rural businesses show that the number of such vans needed will be greater than cars. The people involved say that vans are better suited to the rural economy. One van will be needed for each

township enterprise, or three specialized households. According to estimates, a total of 1.5-2 million vans will be needed by the year 2000 including those needed in the cities.

Demand for coaches will continue to grow with the expansion in highway passenger transport and the development of public transport in the cities. The average annual growth rate of road passengers between 1979 and 1985 was 22 percent. Road passenger transport will continue to grow at an average annual rate

of 10 percent, and the number of people involved in the year 2000 will be four times greater than in 1985.

Buses are the chief means of transport in Chinese cities. Underground trains and trams will be developed in a few big cities, but buses will remain primary. With the growth of the urban population, the number of buses needed will also increase. Many coaches will also be needed by government departments, organizations, enterprises, institutions and tourist departments. According to forecasts, a total of

Assembling "Dongfeng" brand trucks which are made by the No. 2 Motor Vehicle Plant and the Xinjiang Motor Vehicle Plant.

CHEN ZONGLIE



800,000 coaches will be needed in this century. Of these 400,000 will be for highway transport, 200,000 for urban transport and 200,000 for other purposes.

The continuous growth in the volume of highway freight transport is bound to be followed by a corresponding growth in the number of heavy-duty lorries needed. Between 1979 and 1985, the volume of highway freight transport registered an average annual growth rate of 15.5 percent, totalling 177 billion kilometres, or 14 percent of the nation's total volume of freight transport. It is expected that the volume of highway freight transport will continue to increase at an average annual rate of 8 to 10 percent. By the year 2000 it will be three to four times greater than in 1985. The forecast shows that a total of 7.7 to 8.2 million heavy-duty lorries will be needed by the year 2000.

According to the forecast, there will be 13 to 15 million motor vehicles in China by the end of this century, or 5 to 5.7 times that of 1985, (which would be equivalent to an average annual growth rate of 9.8 to 10.3 percent). Of this, there will be 3 to 4 million cars, 23.1 to 26.7 percent of the total, or 6.3 to 8.3 times more than in 1985.

In order to meet the forecasted needs, China must raise funds, rely on its own efforts, import advanced technology from abroad, and expedite the growth of its auto and related industries. Major efforts will be devoted to the development of cars and their mass production.

By all estimations, this century will witness a rather important development in the Chinese auto industry, but still greater achievements will be chalked up in the next.



THE ABC OF INVESTING IN CHINA (VI)

Preparations Before Start-up

by Our Correspondent Yue Haitao

If the enterprise in which one invests has the buildings and all auxiliary facilities ready, it can start operation immediately upon obtaining the licence. If not, it has to go through a process of capital construction.

Shanghai's Yaohua-Pilkington Glass Ltd. is so far the largest co-operative project between China and Britain, with a total investment of US\$119.51 million. Located on what was a piece of wasteland on the fringe of Shanghai proper, the entire project has to be built from scratch—from the power generating station and factory buildings to the canteen. According to the plan, the construction was expected to be completed by May 31 this year and the project to go into operation on September 1. Due to problems with the design, the acute shortages of manpower

and building materials, and the delayed delivery of some equipment, it is estimated that the construction will be put off for at least four months.

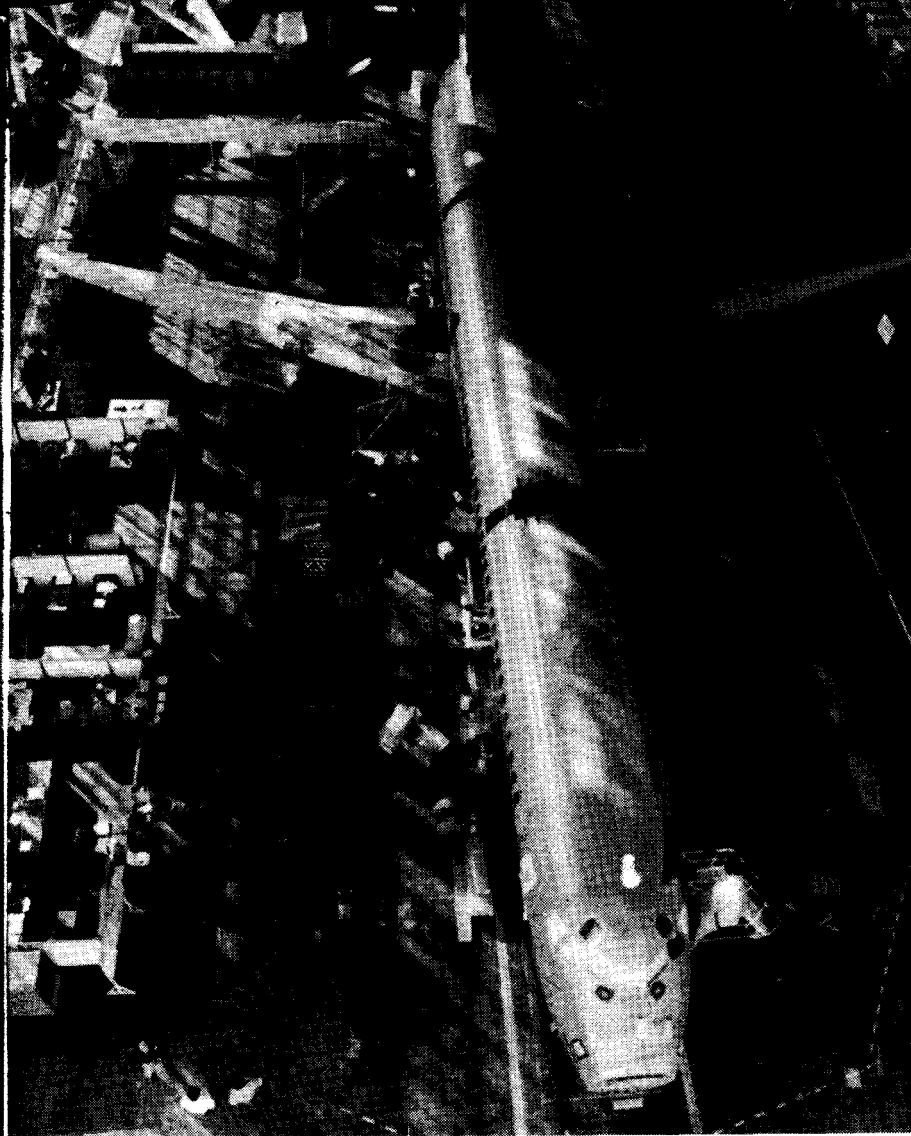
Shanghai is China's largest industrial metropolis with many special advantages for investment, such as fairly well developed industry and commerce, a better educated labour force, good transport facilities and China's largest seaport. Despite all this, it is plagued with an inadequate infrastructure, as are most of China's open coastal cities. In general, all the developed areas in China, which are densely populated and have plenty of factories and mines, face shortages of energy and raw materials, and inadequate telecommunications and transport facilities.

In order to avoid many of the troubles in capital construction

The Beijing Yinyan Camera Flash Co. Ltd. established with Hong Kong investment.

XUE CHAO





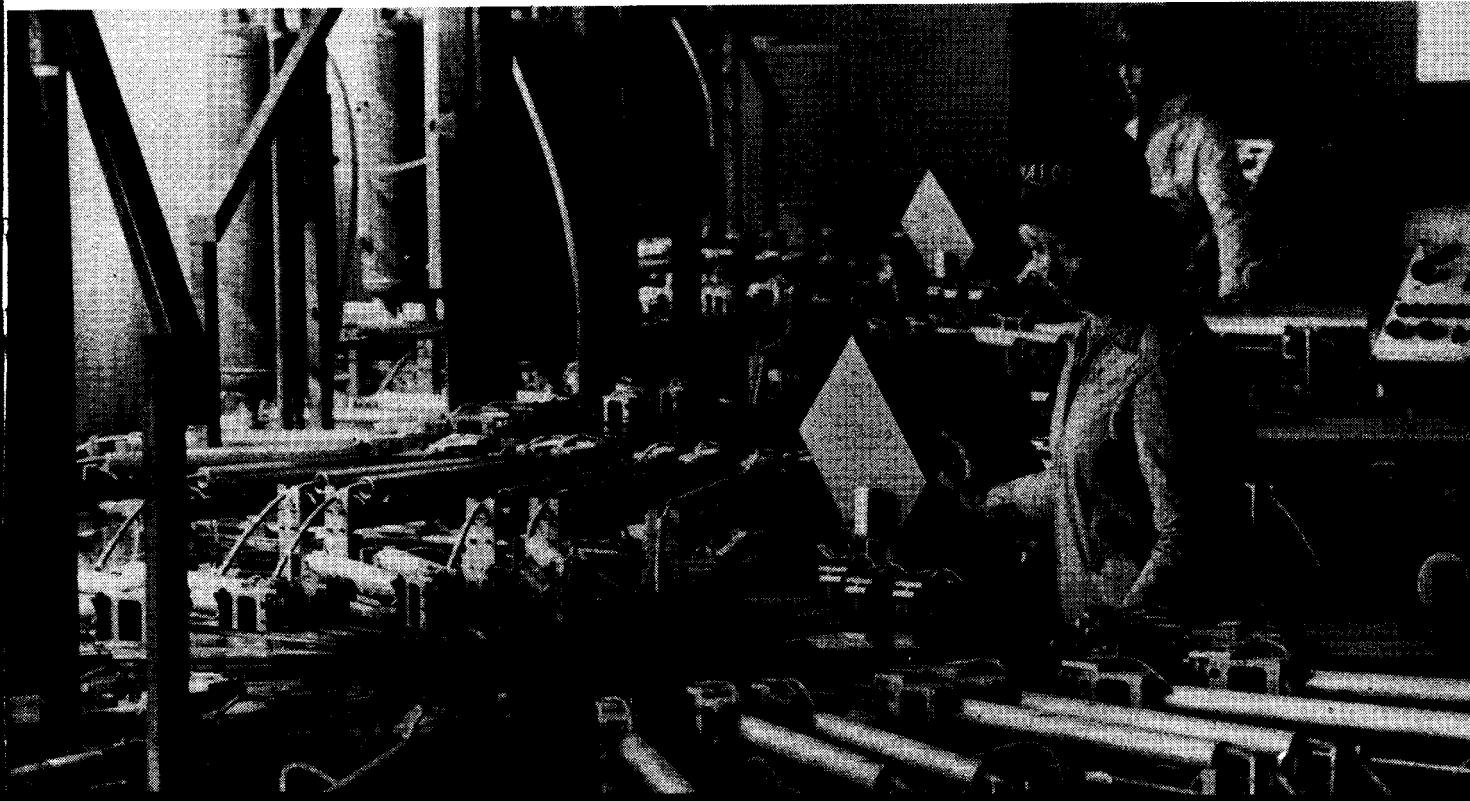
ZHANG PING

The MD-82 aeroplane, made jointly by the Shanghai Aircraft Manufacturing Plant and McDonnell Douglas of the United States, has been put into service in China.

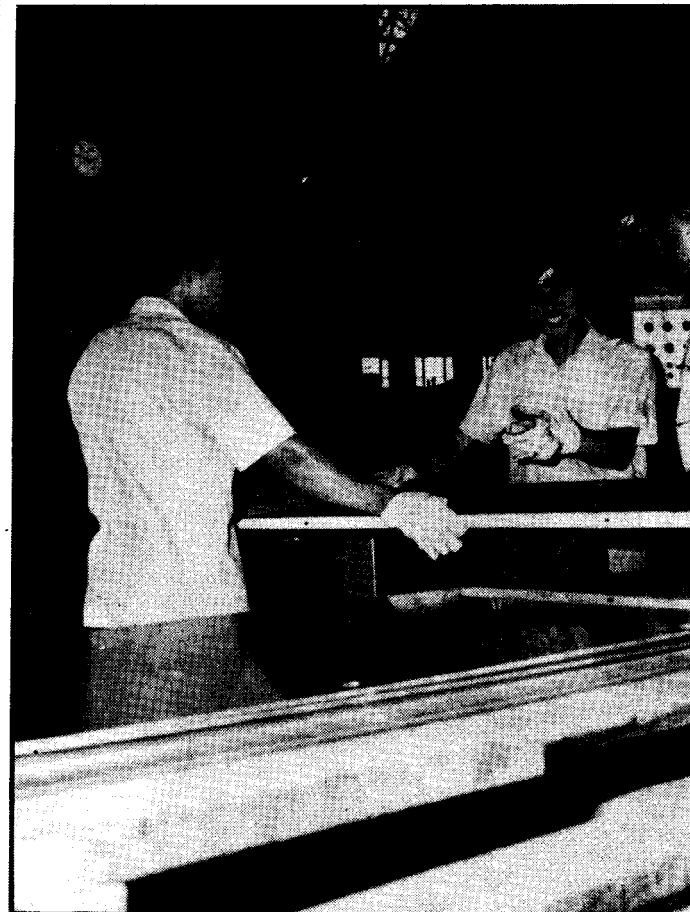
China's Joint Ventures

The Nantong Soussan International Co. Ltd. a Sino-French joint venture, processes goat skin for export.

FANG AILING



The managers of the
Hotel in conference.



XUE CHAO
The China Otsuka Pharmaceutical Co. Ltd., built with Japanese investment, and its finished products workshop.

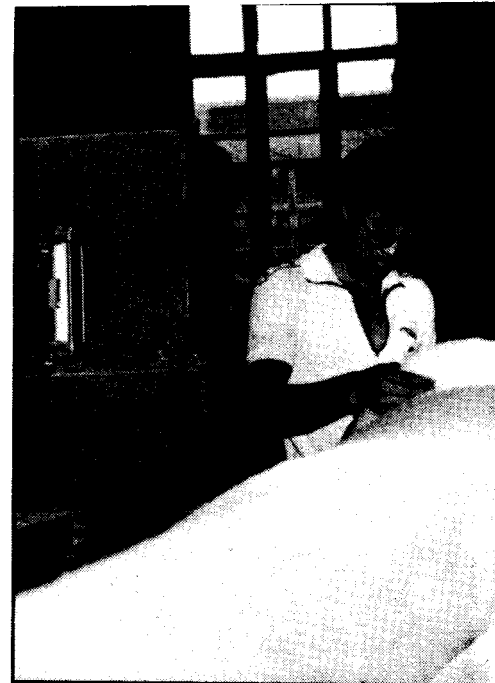
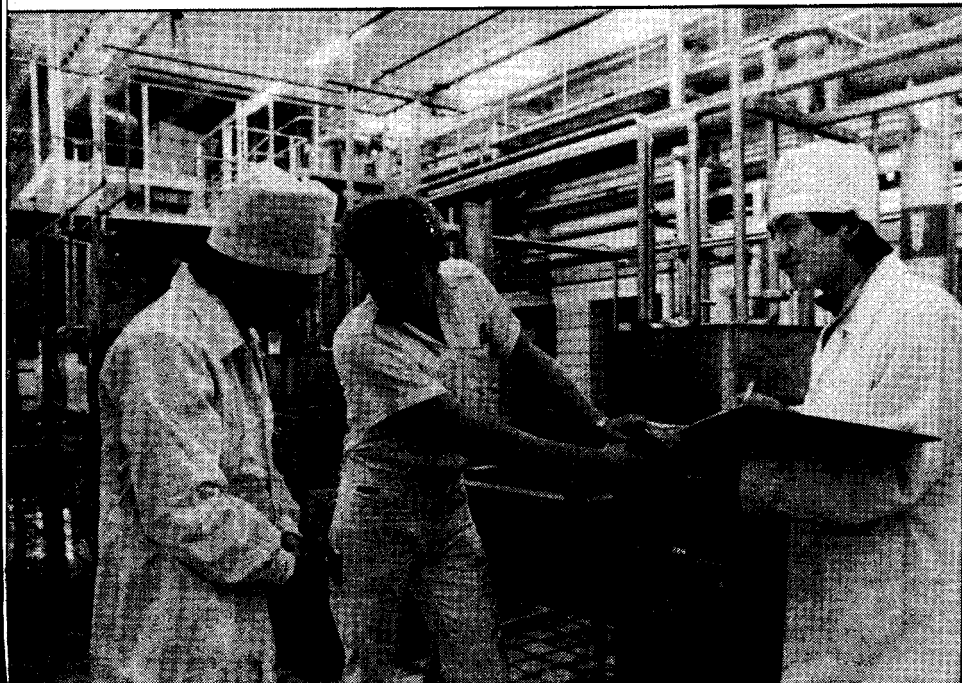
XUE CHAO
The Tianjin Otis Elevator Co. Ltd. produces with 90 percent Chinese-made parts.

A modern dairy products production technology development centre run jointly by China and Denmark recently opened in Harbin.

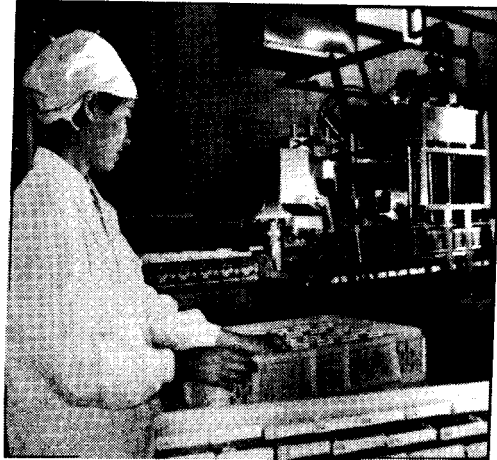
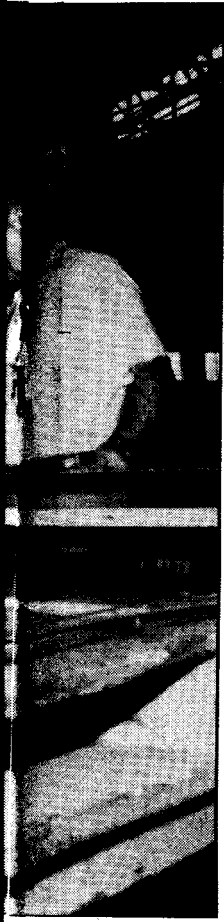
HU WEI

A workshop at the Chemical Fibre Factory jointly built by the Tianjin No. 6 Garment Factory and a Hong Kong trading company.

XUE CHAO

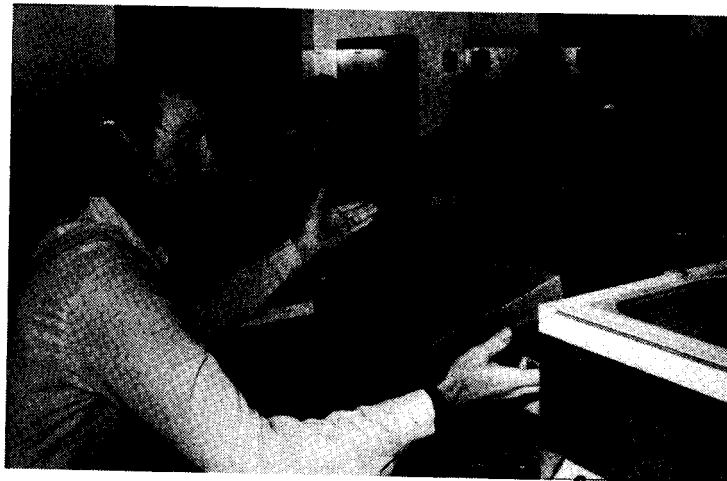


XUE CHAO



XUE CHAO

Tianjin Chengbao Orange Juice Factory established with Hong Kong investment is the first factory to produce high-quality soft drinks in China's mainland.

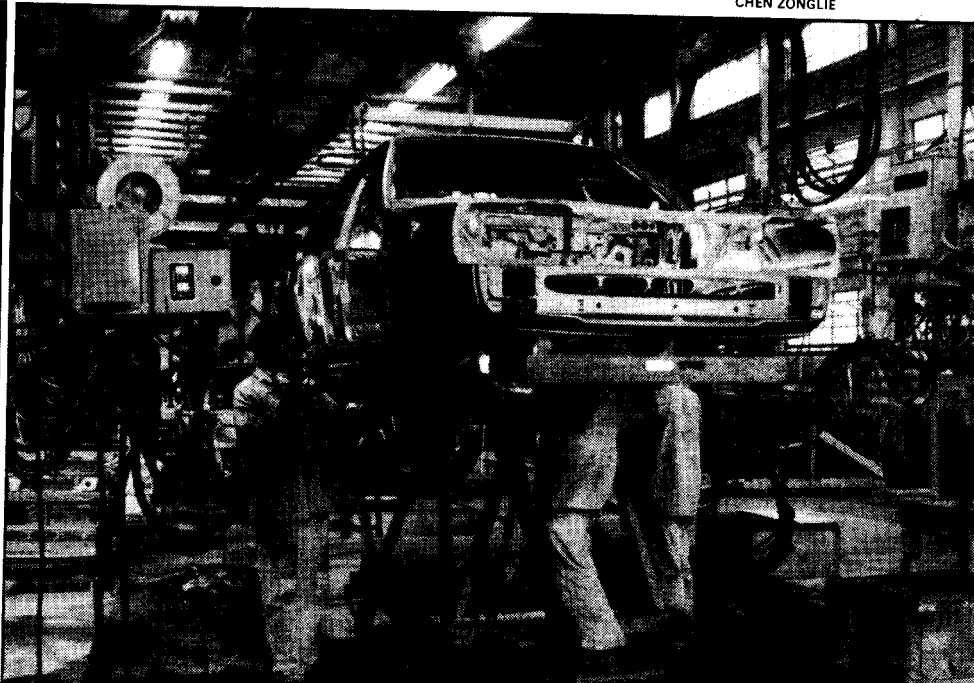


XUE CHAO

An audio-visual class at a training centre run by BP for the joint drilling for offshore oil in South China Sea.

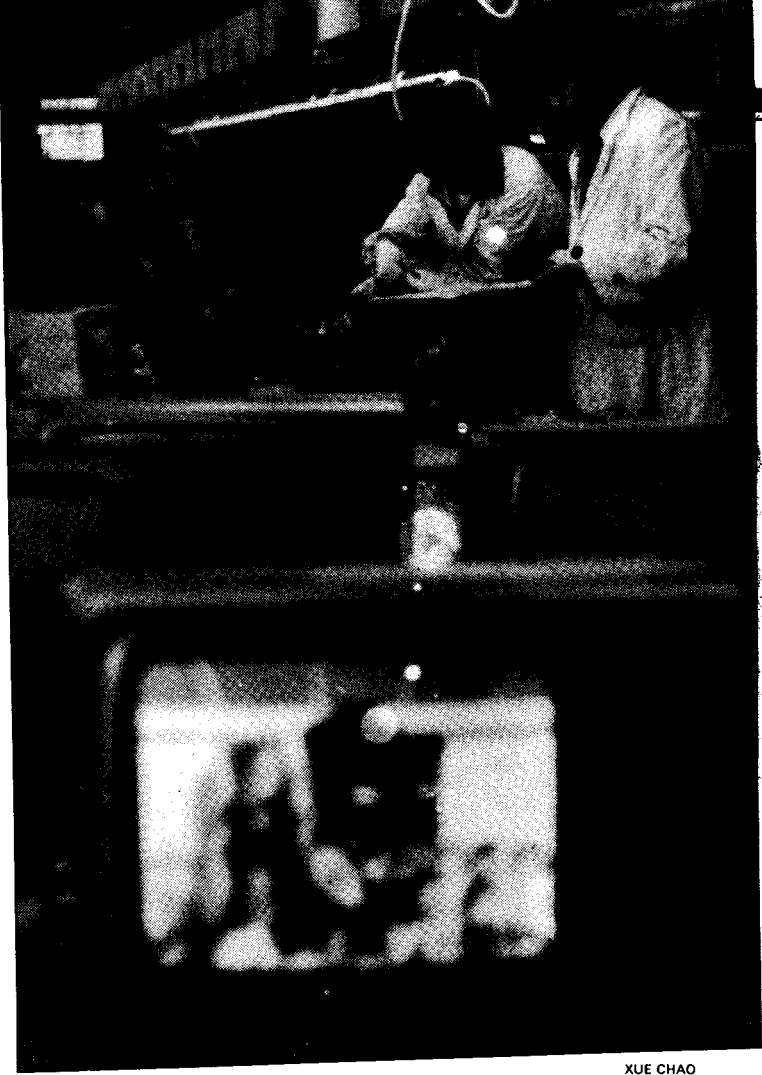
Santana limousines being manufactured at the Shanghai Volkswagen Automobile Co. built with FRG investment.

CHEN ZONGLIE



Tianjin Science and Technology Co. and a Singapore company have established the first and only technology research enterprise in China. In the picture is a New Zealander, one of the 25 experts the enterprise invited, from the United States, New Zealand and Australia, and his wife in their kitchen.

XUE CHAO



XUE CHAO

A workshop at the Jiali Colour Television Factory involving Hong Kong investment in Shenzhen.

The Jin Rong Co. Ltd., a Sino-Japanese joint venture producing radio cassette recorders and developing new technology.

XUE CHAO



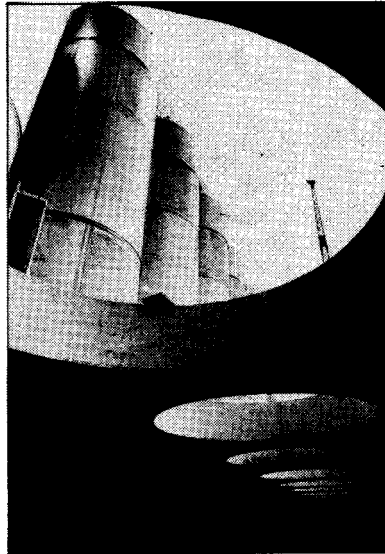
and to save money, many investors, such as the American Motors Corp., rely on the original buildings, technology and workers of their Chinese partners. This reduces the time needed for preparation and speeds up the recovery of the investment.

For those needing new factory and office buildings, they would best go to the special economic zones and the economic and technological development zones in the open coastal cities. The four special economic zones of Shenzhen, Zhuhai, Shantou and Xiamen have the best infrastructure facilities in China. They have adequate transport and telecommunications as well as a secure supply of water, heat and electricity. Once agreement is reached on a project, capital construction can start immediately.

Dalian, Tianjin and the other 12 open coastal cities have also been making great efforts to improve their investment climate. Since August 1984, the Chinese government has approved the establishment of economic and technological development zones in these cities, which enjoy more or less the same preferential treatment as granted to the special economic zones. By the end of October 1986, governments at various levels in China had invested several billion yuan in building up the energy, transport, telecommunications and public utilities in these development zones.

These zones are similar to the export processing zones in other Asian countries of the Pacific rim. The difference is that the foreign-funded enterprises in the Chinese development zones still need to pay income tax of about 15 percent and customs duties, which nevertheless can be reduced or exempted, depending on how much an enterprise can benefit China's construction.

The State Economic Commission estimates that infrastructural construction in the develop-



CAI HAIFENG

The Wuhan Changjiang Brewery is a joint venture with Federal German funds.

ment zones costs about 100-150 million yuan per square kilometre. Dalian and Tianjin have done best in this regard.

The first of its kind in China, the Dalian Economic and Technological Development Zone covers 20 square kilometres and is located 33 kilometres from the city centre. It has an ample supply of water and electricity as well as solid ground (geologically speaking) and a good climate. By the end of March, the Dalian city government had invested 340 million yuan in building an industrial area and a residential area over five square kilometres. This is equipped with a water supply system, a drainage project, gas and heat supply systems, a power supply project, imported telephone and telegraph facilities, apartment buildings for foreign partners, as well as a middle school, a primary school and a kindergarten. The residential and office buildings, a hotel, a petrol station and a fire station will be completed before the end of this year. In addition, two standard factory buildings (each covering 12,000 square metres) have been put up in the development zone. Investors need

only move in and install their equipment after signing their contracts.

The land fees and wages for Chinese workers in these development zones are on average about 30 percent lower than in other places. The charges for gas, water, electricity, heat and building are the same as for state-owned enterprises.

Foreign investors outside the special economic zones and development zones will pay 5-20 yuan in land fees and development charges per square metre each year. Those who build their own facilities need to pay 3 yuan at the most. Enterprises that possess advanced technology and produce for export can enjoy certain special treatment.

Wei Fuhai, mayor of Dalian, says that preferential treatment is not enough to attract foreign investment. Only by putting top-class service, high efficiency and quality "hardware" on top of fair economic terms could foreign investors really feel satisfied.

Last November the Dalian development zone set up a foreign-funded projects promotion centre, which is staffed by the zone's top administrative officials and leading members of the various departments, and provides comprehensive services to overseas investors. Recently, members of a Sino-US joint venture went to the development zone to sort out their future water, power and gas supplies. They planned to spend a few days going through the procedures. To their surprise, it took them only one morning to have all papers signed. A Sino-Japanese joint venture applied to have telephones installed. The work was completed in three days. Tang Qishun, deputy mayor of Dalian and chairman of the development zone administrative committee, said work involved in a similar request would take three months to complete in Dalian city proper and three weeks in Japan. ■

Cradle of Scientists and Technologists

by Our Correspondent Huang Shuyun



YUN-7" aeroplanes, designed and manufactured by the Xian Aircraft Manufacturing Company, have flown for ten years with a good record of performance, safety and reliability. Shao Guobin, president of the aircraft company, is a graduate of the Beijing Institute of Technology.

Xie Guangxuan, a former teacher at, and Fan Shihe and Wang Zhiren, graduates of the Beijing Institute of Technology, are all involved in the Long March-3 carrier rocket project. Xia is chief designer and Fan and Wang his deputies.

Peng Shilu, chief engineer of the Ministry of Nuclear Industry and, Hao Yan, deputy commander in charge of the automatic command system at a satellite launching site, were once students of the same institute.

The "Zhonghua BS-111," the first plastic car in the world, went on display at the Beijing International Fair in July 1986. Chief researcher for the project, Tang Jinsheng, is a graduate of the Beijing Institute of Technology.

He is also the general manager of the Shenzhen Zhonghua Automobile Corporation.

The new type of variable speed hydroviscous drive regulates the speed and saves energy on blowers and pumps. According to the tests and usage of the machine, a 500-kw pump can save over 700,000 kwh of electricity a year using the new drive. It won a silver medal at the 35th Eureka World Inventions Fair held in Brussels, and the inventor, Wei Chenguan, who was awarded a Croix de Chevalier, is again a graduate and now a professor at the Beijing institute.

The electronic dephlogistic and pain-killing membrane invented by Sun Caomin, also a graduate and now an associate professor at the Beijing Institute of Technology, was awarded a gold medal at the 35th Eureka World Invention Fair in Brussels. Sun's invention, sometimes called a "Chinese membrane" by some foreign experts, can be used to treat mastitis and all kinds of soft tissue injuries, accelerate the rate at which fractures mend and

relieve angina.

Altogether in the past 47 years the Beijing Institute of Technology trained more than 30,000 specialists who are now working in all fields of endeavour, making important contributions to economic construction and the development of astronautics and carrier rockets for China.

From Yanan to Beijing

The Beijing Institute of Technology grew out of the Yanan Academy of Natural Sciences. The Shaanxi-Gansu-Ningxia Border Region where Yanan is located was blockaded by the Kuomintang troops during the War of Resistance Against Japan. This caused great difficulties since the region was then very backward. Industries were nonexistent and paper, cloth and soap had to be shipped in. To counter the enemies' blockade the Central Committee of the Chinese

Science and Engineering Education

New China has registered a rapid development in higher education since its founding in 1949, especially in science and engineering. At the end of 1986, of the 1,054 schools of higher learning, 271 were devoted to science and engineering. An additional 45 colleges and universities had science and engineering departments.

By the end of 1985, there were 11,760 disciplines of 823 kinds in the schools of higher learning. Of them 3,757 disciplines were in engineering, of 368 kinds, and 884 were science disciplines of 125 kinds. In 1985 China had 344,262 university teachers, including 96,046 engineering teachers and 79,613 science teachers.

In 1947, educationally the best year before nationwide liberation, China had only 207 schools of higher learning. Of them, 61 were colleges and universities of science

and engineering or had science and engineering departments. They were all in Beijing, Shanghai, Tianjin and coastal areas such as Jiangsu and Guangdong provinces. There was no institute of science and engineering at all in Qinghai, Ningxia, Xinjiang, Inner Mongolia, Tibet and other remote areas. All these places now have their own science and engineering institutes or departments.

In 1947 China had 37,484 students and only 424 postgraduates majoring in science and engineering. At the end of 1986 China had 747,270 science and engineering students, a 21-fold increase over 1947; by the end of 1985 it had 87,331 postgraduates of science and engineering, a 207-fold increase.

Between 1949 and 1986, China trained a total of 359,083 science graduates and 1,749,443 engineering graduates (55.7 times the total for the 20 years before liberation).

Between 1949 and 1985 China had 20,983 science, and 42,449 engineering postgraduates (including those trained by the research institutes). All these graduates have made great contributions to economic, social, scientific and technological construction.

These colleges and universities of science and engineering have played an important role in promoting China's scientific and technological development. During the Sixth Five-Year Plan period (1981-85) they won 56 state prizes for natural sciences, 270 state invention prizes and 337 scientific and technological progress prizes. Also during that five-year period, the colleges and universities under the State Education Commission joined the scientific and technological research and concluded 146 contracts for scientific and technological research projects. They sponsored 75 of them and have gained good results in 154 of these research projects.

by Shao Jinrong

Communist Party decided to develop the economy in the border area by its own efforts.

It was against this background that the Yanan Academy of Natural Sciences was founded in August 1940. Its aim was to train scientists and technicians for the creative and independent work needed by the war effort for the salvation of the country. The founding of the Yanan academy was financially supported by New Zealander Rewi Alley and his 86-year-old mother. Soong Ching Ling, the late honorary president of the country, also gave her support to the academy. Xu Teli*,

* Xu Teli (1877-1968) was in France on a work-study programme in 1919 and ran schools after his return. He took part in the Long March in 1934 when he was 58 years old, and his writings were published in the *Collected Works of Xu Teli*.

a veteran revolutionary and educator, was the founder president of the Yanan academy. Other presidents of the academy have been the late Vice-Premier Li Fuchun; Chen Kangbai, a chemist with a German doctorate; and former Minister of Foreign Trade Li Qiang.

Row upon row of cave dwellings and 30 single-storey houses were built on the mountain slopes in the southern part of Yanan. On September 1, 1940, classes started.

Besides physics, chemistry and mechanical engineering departments, the Yanan Academy of Natural Sciences had geology, mining and biology departments. Graduates played an important part in improving the people's living standards and in supporting the War of Resistance Against

Japan in the liberated base areas.

After the war, the Yanan academy merged with other colleges in 1945. It moved to Beijing in 1949 and was renamed the Beijing Institute of Technology in 1951.

On September 21, 1985, the institute celebrated its 45th anniversary, and a stone laying ceremony in honour of Xu Teli was held. Among the guests were alumni Minister of Light Industry Zeng Xianlin; Minister of Metallurgical Industry Qi Yuanjing; Vice-Minister of the State Commission of the Machinery Industry He Guangyuan; Vice-Minister of Astronautics Industry Bao Keming; Vice-Minister of Electronics Industry Zhang Xuedong; Minister of Labour and Personnel Zhao Dongwan; Minister of Civil Affairs Cui Naifu; as well as Li



Vice-Premier Li Peng (right) with fellow alumni.

BEIGONG

Peng who is now vice-premier of the State Council, all about 60 years old. They hoped that the Beijing Institute of Technology will carry forward the Yanan spirit in training scientists for the socialist modernization of our country.

Li Qiang, the 4th president of the Yanan academy, says that the academy had many fine traditions, such as seeking truth from facts, combining theory with practice, criticism and self-criticism, hard work and plain living. Great changes have taken place since China opened to the world in 1979, said Li Qiang. "But we should still carry forward the fine traditions of hard work and plain living and build our country through self-reliance. That combination will speed up the modernization drive."

Keeping up With the Times

One of China's key institutions of higher learning, the Beijing Institute of Technology is a comprehensive institute, with science and engineering, management and liberal arts faculties. It is

located on the pleasant western edge of Beijing.

The institute covers an area of 75 hectares with 310,000 square metres of school buildings. It has a computer centre, a mixed-media education centre, an affiliated machinery plant, an electronics plant and an optical workshop.

The institute's library, bulging with books, is equipped with micro-films, audio-visual devices and computers. There is an auditorium, a gymnasium, a sports ground, a swimming pool, a skating rink, a hospital and dormitories. There is also a kindergarten and an affiliated primary school for the teaching staff's children.

At present, the entire institute has nearly 1,400 faculty members, of whom 600 are professors and associate professors, and 800 are lecturers, as well as a large number of engineers and technicians working in the laboratories. The 16 departments offer 33 specialities and 766 courses. Its 20 research organizations and 60 modern laboratories are equipped with advanced precision apparatus, including 235 micro-computers.

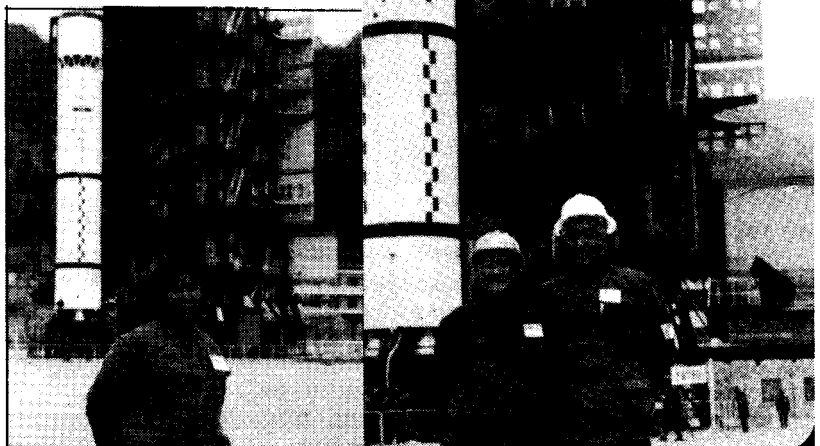
Since the 1950s the institute has researched locomotive engineering, applied optics, chemical engineering, radar, explosion and safety techniques and mechanical engineering. In order to keep up with the new technological revolution, the institute has in recent years strengthened its

Xia Guangxuan (left), chief designer of the Long March-3 carrier rocket, with Fan Shilhe.

HANG TIAN

Wang Zhiren, deputy designer of the Long March-3 carrier rocket.

HANG TIAN



research in such new disciplines as materials science, photoelectric and robot technology.

The institute has a total enrolment of 6,000 students. The graduate school has 11 specialities for doctorate degrees and 37 specialities for master's degrees. A total of 434 courses have been offered for graduate students. There are now 1,300 graduate students enrolled in the institute.

In addition, the institute has trained staff sent in by other units and set up 63 correspondence centres in 17 provinces and municipalities in the country. Teachers of the institute have offered a number of courses for the Central TV and Beijing TV universities.



Professor Wang Xinyi guiding a student.

XU CHAO

Reform and Achievements

The former unitary engineering institute has been changed into a comprehensive institution of higher learning. Besides the newly added science departments such as

applied mathematics, mechanics and physics, an industrial management department has been set up. In 1985 combining engineering with art an industrial design department was established to

train senior technical personnel who not only master the theory of modern industrial design but can also be creative.

The institute has moved from the training of engineers and

Professor Ma Yonghual (pointing) inspecting his energy saving device for boilers.

XU CHAO



technicians to cultivating specialists with a creative mentality. This requires that students master basic theory, experimental techniques and basic engineering, have organizational skills and be able to carry out research independently. They must also learn to use computers and have a good command of foreign languages.

In view of the fact that the development of modern sciences and technology is the product of a marriage of liberal arts with science, students are required to study some history and humanities courses to help activate their thinking and cultivate their creative ability. The institute has set up a research institute of humanities and social sciences, and noted scholars are invited to give lectures on aesthetics and the science of law.

The institute has done much to combine teaching with research. The latest discoveries are incorporated into the teaching, and

students have on hand the most up-to-date material.

Since 1978, over 1,500 experts and scholars from 21 countries, including the United States, Japan, Britain, France and the Federal Republic of Germany, have been invited to visit and lecture at the institute, and a number of foreign professors and experts have become honorary and advisory professors in the institute. Over 400 teachers and graduate students of the institute have studied, researched and attended symposia abroad.

The institute has signed an agreement on joint graduate training with the Technische Universität Berlin. The agreement is that students of the Beijing Institute of Technology, after taking science courses for one and a half years at home, should spend the same amount of time experimenting and writing their dissertations in Berlin. They defend their theses after returning to China.

The institute has also forged friendly ties and carried out research with universities in the United States, the Federal Republic of Germany, Switzerland and Japan.

Apart from completing the teaching tasks stipulated by the state, members of the faculty have also taken on training specialists for other departments. In cooperation with other units they have undertaken scientific research tasks, transferred scientific research results, conducted technical consultancy, acted as advisors for other units in the economic, scientific and managerial fields and have been entrusted by other organizations with the task of negotiating industrial and technical business with representatives of foreign firms. The laboratories and factories of the institute have also undertaken testing, inspecting and processing for 200 factories and enterprises in the country. ■

FACTS AND FIGURES

Sustained Economic Development

by the State Statistical Bureau

Since the beginning of this year the campaign to "increase production and practise economy, increase revenue and reduce expenditure" has been unfolding throughout the country. Supply increased and demand began to ease. Preliminary statistics show that in the first half of this year the GNP was 10 percent larger in real terms than in the corresponding period of last year.

Industry. Total industrial output value in the first six months of this year was 492.7 billion yuan, a 15 percent increase over the same period last year, and 51.6 percent of this year's plan. The output value of light industry came to 246.1 billion yuan, up 15.6 percent

compared with the first half of last year, and that for heavy industry totalled 246.6 billion yuan, up 14.4 percent. Light and heavy industries developed in a balanced way.

Output of commodities such as colour TV sets, refrigerators, washing machines, bicycles, aluminium household goods, beer, chemical fertilizer and mixed fodder increased by a big margin. Rapid progress was also made in the production of exports. The total value of industrial products purchased by foreign trade departments was 34.8 billion yuan, an increase of 36 percent over the corresponding period last year. Energy generation, and production of raw and semi-

finished materials continued to grow steadily, at a rate slightly lower than industry as a whole.

In the first half of this year the flow of funds embodied in finished products in state-owned industrial enterprises was accelerated, and their profits and tax payments rose by 6.5 percent. Labour productivity in industry was up by 6.6 percent over the same period last year.

Agriculture. Sales of capital goods in the agricultural sector were worth 35.6 billion yuan this year, 25 percent more than the same period last year.

The acreage for summer crops this year was down by 3.4 million *mu* (1 *mu* = 0.0667 hectares), and

there were comparatively more natural disasters. Output of summer crops still totalled 90.82 million tons thanks to improved field management. This is 2.4 million tons less than the record output of 1986. Real increases in summer crops were registered in Henan, Anhui, Hubei, Hunan, Yunnan, Guangdong and Fujian provinces, and decreases in Shandong, Hebei and Shanxi provinces.

The rapeseed harvest was 6 million tons this year. Even after last year's bumper harvest it was 270,000 tons (4.7 percent) greater.

Autumn crops are doing well. The acreage for autumn grain and cotton increased considerably. Without further serious natural disasters, a good harvest will be in sight.

Cattle and sheep headage is up this year, especially of sheep in cultivated areas. However, the number of stock and adult pigs dropped slightly and the number of sows plummeted in some localities.

Market. Retail sales of commodities reached 276.2 billion yuan, up 17.5 percent over the corresponding period last year. Sales of consumer goods grew overall.

Retail turnover in food was 126.3 billion yuan, up 17.7 percent. The volume of edible oil retail sales jumped 5.1 percent; vegetables, 7 percent; meat, 14 percent; fresh eggs, 5 percent. Aquatic products, cigarettes, wines, sweets, pastries and tinned foods also saw higher sales.

Clothing sales were worth 40.3 billion yuan, up 10.1 percent over the first half of last year.

The turnover in the retail trade in household goods stood at 74 billion yuan, up 18 percent over the same period last year. Household electrical appliances such as colour TV sets, refrigerators and twin-tub washing machines sold well. After price adjustment and sales promotion, retail sales of tape recorders which had slowed down for a while rose

30 percent over the corresponding period last year.

State grain and oil purchases were high. By the end of June, the amount of grain purchased by the state was 7.6 percent more than in the same period last year, and edible oil was 1 percent more. Purchases of fresh eggs by state-owned commercial departments and supply and marketing co-operatives were up 3.1 percent. The number of pigs purchased by these departments fell slightly compared with the same period last year. Meat and eggs were in short supply in a few large cities.

Foreign Trade. China's exports were worth US\$16.6 billion, an increase of 24.3 percent over the corresponding period last year. Imports totalled US\$18.6 billion, 6.2 percent less than in the same period last year. The trade deficits dropped from US\$6.4 billion in the first half of 1986 to US\$2 billion this year. The deficit in ordinary trade (which excludes aid, grants; imports of Sino-foreign joint ventures, co-operative and wholly foreign-owned enterprises; processing with supplied foreign materials; and compensatory trade) was only US\$100 million more.

The non-trade foreign exchange accounts were healthy. Up to June 20, the nation's non-trade income was US\$1.67 billion more than its non-trade expenditure.

Investment. In the first half of this year, the amount of investment in fixed assets in state-owned units totalled 59.4 billion yuan, 21 percent more than the same period last year. Investment in capital construction came to 40.2 billion yuan, up 19.3 percent. Investments for technological transformation increased by 24.8 percent, reaching 19.2 billion yuan. Much of this was money taken from last year's budget, but installed this year at a cost in fees and building materials which has risen considerably.

Space under construction and the number of construction projects and newly opened

projects dropped to some extent, and construction funds were not spread out. Some 13.2 billion yuan were invested in the 187 key construction projects designated by the state during the first half of this year. This is 42 percent of the year's planned investment, 10 percent higher than the country's annual average fulfilment of capital construction investment. The amount which went into productive projects was 27 billion yuan, 67.1 percent of the total, as against the 61.7 percent of the same period last year; investment in non-productive construction dropped.

A number of construction projects were put into commission in the first half of this year. Newly added production capacity includes 1.18 million kw of installed capacity, the extraction of 4.48 million tons of crude oil and 750,000 tons of coal.

Reform. By June this year the proportion of small state-owned industrial enterprises that had carried out management reforms was 37.8 percent, as against 8 percent by the end of last year. Parts of large and medium-sized industrial enterprises have implemented the contract responsibility system. Over 50 percent of small state-owned commercial enterprises also implemented the system of collective management, leasing and the individual contract system while retaining state ownership. Most enterprises with new systems already operating performed well.

Problems. Consumption funds increased too fast. In some places there was indiscriminate handing out of bonuses or subsidies in kind. Investment in capital construction projects outside the state plan rose sharply. In the first six months of this year, the retail sales price index was 6 percent higher than in the corresponding period last year. Prices for vegetables, meat, poultry, eggs and aquatic products rose markedly in the larger cities. Real income in some families dropped.

Family-run Enterprises in Rural Areas

"ZHONGGUO HEZUO JINGJI"

(Chinese Co-operative Economy)

China's rural family-run enterprises can be divided into three types:

1. Businesses run by single families. Most of these units consist of father and sons or brothers, depending on family composition. They mainly process agricultural and sideline products or produce traditional handicrafts with their special skills. Within the units, the work is clearly divided among the members, and a system of rewards and penalties has been established. With flexible methods of management and independent production, the members have high enthusiasm and a strong sense of responsibility. Moreover, such units need little investment but yield quick returns and can easily change direction when their products are unmarketable. However, because they are private enterprises, family-run units lack access to up-to-date information and so find it hard to compete on the market. This restricts their ability to expand production.

2. Co-operatives. These units combine aspects of collectives with pronounced features of private enterprises. They tend to be loosely organized and unstable. There are three forms: First, there are units jointly established by relatives. Members enjoy equality and mutual benefit and decisions are made through democratic discussions. Payment is based on piecework or time worked. A second form of co-operative is set up by several households. In such units, the separate households generally pool their labour, technical skills, equipment and funds. Some households may invest both funds and labour,

while others contribute only one or the other. The unit's income is distributed to the members according to shares or work done after paying taxes and keeping enough funds for reproduction. The last form of co-operative is

jointly run by households, the state and collectives. With abundant funds, technical skills and equipment, such units have great vitality and their products find a ready market.

3. Enterprises operated with hired labourers. Such enterprises often involve complex work processes and need modern skills. Therefore, they usually employ some technicians and helpers.

(May 23, 1987)

Grain Problem Remains to Be Solved

"DILI ZHISHI"

(Knowledge of Geography)

Since the founding of the People's Republic of China in 1949, the government has adopted a series of measures to alleviate the grain problem. The measures, which include centralized purchasing and distribution, rationing and bringing the urban population under control, lightened the pressure on the state but had not solved the grain problem fundamentally. After the Third Plenary Session of the 11th Central Committee of the Party in 1978, the situation took a turn for the better. With the implementation of correct economic policies in rural areas, there was so much grain in some parts of the country that it was difficult to sell and transport. This created the false impression that China had solved its grain problem.

Actually, the basis of China's grain production is still weak and yields remain low, although in recent years they have had their ups and downs. China has the capacity to produce more than 400 million tons of grain a year and has basically solved the problem of feeding its 1 billion people. But several tens of millions of people in outlying areas are still living below the poverty line. Their

annual per-capita grain ration averaging less than 200 kg.

China's average annual grain output per capita is below the world level. For instance, despite an excellent harvest in 1984, the country's per-capita grain output averaged only 397 kg, 41.5 kg less than the world average.

Chinese people's average annual grain consumption is also below the world level. For example, annual grain consumption in the United States averages 800 kg per capita, 183 kg of which is eaten directly by people, 595 kg by animals; the Soviet Union consumes 845 kg per capita, 218 kg directly by people and 448 kg as fodder for animals; while Japan consumes 493 kg per capita, 218 kg directly and 188 as fodder. Direct consumption accounts for 42.3 percent and fodder for 42.9 percent of world grain consumption. But in China direct consumption accounts for 75 percent and fodder for only 16 percent.

If Chinese people's food patterns change a little, grain consumption would rise greatly. For example, if grain consumption in all other parts of the country rose to the average level in Beijing, Tianjin and Shanghai, where the annual per-capita consumption averages 450 kg (150 kg consumed directly), the

country would need an additional 50 million tons of grain a year.

Therefore, we must not jump to the conclusion that China has solved its grain problem because it

was difficult to sell grain in some areas during the past two years. Raising grain production must remain a priority.

(No. 6, 1987)

More Than 200 Million Wear Glasses

"RENMIN RIBAO"

(People's Daily, Overseas Edition)

China produced 30 million pairs of glasses last year, second only to the United States. The number reflects China's huge population. According to a recent survey, about 210 million people in China wear glasses. Of these, one third live in urban areas.

Old people and students are among the main customers. About 120 million of those who wear glasses suffer from short-sightedness, far-sightedness or presbyopia (far-sightedness as a result of old age).

Doctors and teachers say there are many reasons why students develop poor vision. The main one is that they are often overloaded with lessons and homework and don't have enough time for sleeping, sports and other recre-

ational activities. The survey showed that poor eyesight affects about 60 percent of senior middle school students, 40 percent of middle school students and 20 percent of primary school pupils.

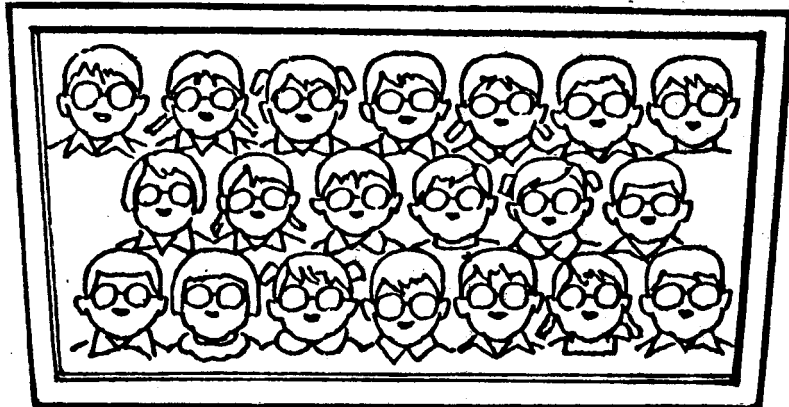
So many people need glasses that shop assistants can't attend to them all. Moreover, China does not have the capacity to produce the quantity of glasses needed. To deal with this problem, the government decided that during the period of the Seventh Five-Year Plan (1986-90), the output of glasses should increase at an average annual rate of 10 percent.

With the steady rise in living standards, many people want glasses that are beautiful as well as functional. These people are willing to spend a lot of money on glasses considered suitable for their profession, age, shape of face and colour of skin.

(May 21, 1987)

A photo of a class of "glasses."

Cartoon by JIANG YUGUI



International Studies

(Formerly known as Journal of International Studies)

A quarterly in Chinese

Contents of Issue No. 3 1987

Treasure and Further Develop the Friendly Relations Between China and Japan—In Commemoration of the 50th Anniversary of the July 7th Lugouqiao Incident—*Zhang Wenjin*

The Taiwan Authorities Have no Right to Sue in Japan's Courts—A Comment on the Kokario Case—*Shen Jianming*

The US Trade Deficit and the Western Economy—*Xie Yao*

A Brief Discussion of the Present US Trade Deficit and the Western Economy—*Xie Yao*

The Twenty Years of the ASEAN Co-operation—*Wei Qiang*

Changes in the US-Nicaraguan Relations and Their Impact—*Xiao Yu*

The European Free Trade Association—*Feng Jianwu*

The Present State and Future of Federal Germany's Social Democratic Party—*Zhu Weige*

A Visit to China's Old Friend, Mr. Gerhard Schroder—*Wang Shu*

China's Foreign Relations: A Chronicle Published by World Affairs (Shijie Zhishi) Publishing House.

Subscribed from China International Book Trading Corporation (Guoji Shudian).

Annual rate: RMB3.20 (at RMB 0.80 per copy) plus postage.

Astor Hotel Opens in Tianjin

The Astor Hotel, jointly managed by the Tianjin General Tourist Co. and the Zapata Group of Hong Kong went into operation on July 11 after renovation. The hotel involves a total investment of US\$10 million and a co-operation period of 15 years.

According to its general manager Zhang Zhixian, the hotel had a 90.25 percent occupancy rate and logged a profit of US\$1.6 million in its trial operation in 1986. As Tianjin opens wider, the hotel looks brighter.

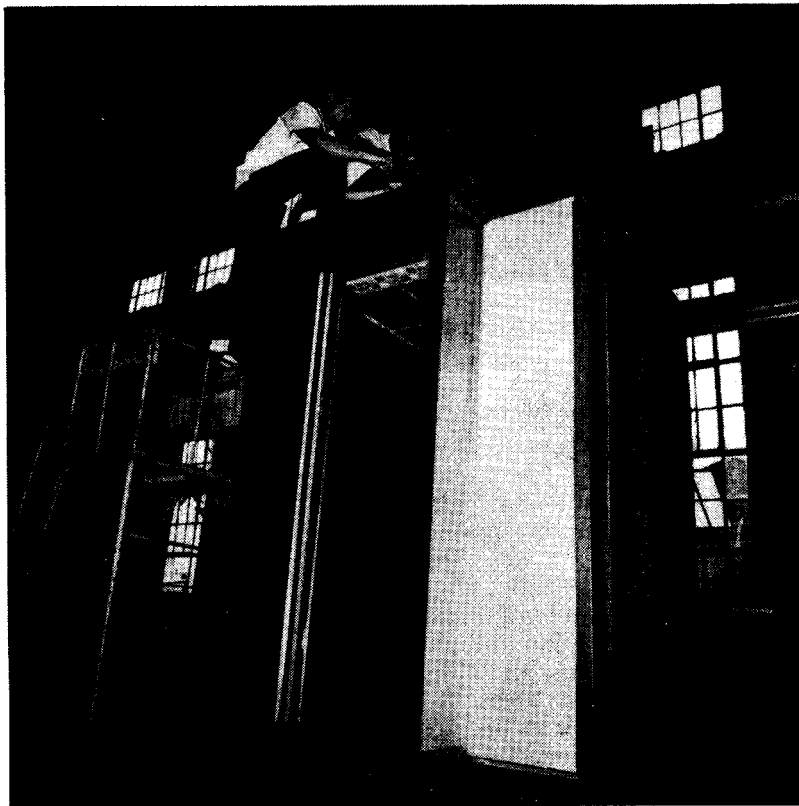
The hotel is in the downtown commercial and financial district. It retains its original classical British style and has 240 well-furnished suites. ■

Great Wall Hotel Promotes Business

Challenged by other new hotels, the Great Wall Sheraton Hotel in Beijing has been looking to its marketing. This year the hotel sent groups of people to the United States, Japan and the Federal Republic of Germany to improve its public relations there.

A Sino-US joint venture, the hotel went into operation in 1984 and its clients in the early days were mainly from the United States. Later this changed as its marketing in Japan and Europe strengthened.

According to Max Wilhelm, a manager of the hotel, the percentage of the US visitors was 58 percent in the first half of this year, and 70 percent in the past, while that of Europeans increased from 15 percent to 30 percent. He calculated that the hotel's income in the first six months of this year was greater than the same period last year and that the second half of this year will see a further increase.



XUE CHAO

Assembling elevators at the Tianjin Otis elevator Factory, a Sino-US joint venture.

As part of its drive to improve its marketing, the hotel will participate in the international tourist awards conference in Chicago in September and in the international tourist fair in December in London. The hotel will also develop its publicity work in northern Europe and Australia to expand its business in the next two years.

by Yao JIanguo

US\$129 Million In Premiums

In the first five months of this year, the People's Insurance Co. of China received US\$129 million in premiums from insurance covering foreign concerns, a 7.52 percent increase over the same period last year. Of this, US\$75 million were for export and

import insurance (exports up by 30 percent, imports by 13 percent). The premiums on shipping, international airliners and oil drilling insurance dropped, according to Wei Runquan, general manager of the company's overseas business department.

The international market is good, said Wei. The increase in premiums is due to improved exports. The decrease in shipping insurance is due to a fall in the price of ships. As accidents involving foreign ships have decreased, the company cut the cost of its insurance correspondingly. The decrease in petroleum exploitation insurance income was caused by the fall in oil prices, and the drop in air insurance was due to an insurance price cut by the British reinsurers.

Almost all enterprises involving foreign investment in China have applied for insurance. In the first

half of this year, the Guangdong Daya Bay Nuclear Power Co. and the Pingshuo Coal Mine, both involving foreign investment, applied for insurance. They ensured properties to the value of US\$1 billion and US\$500 million respectively, making them the biggest clients with foreign interests of the Chinese insurance market. ■

China Exports Rubber Products

Zhongnan Rubber Plant in Yichang City, Hubei Province began to export rubber products in the 1970s. Its transmission V-belts, cloth-inserted rubber hoses and industrial bakelite plates find a ready market in Southeast Asia, Africa and the Middle East because of their good quality.

The factory, one of China's major rubber manufacturers, has in the last few years imported advanced equipment and instruments from the Federal Republic of Germany, the United States, Britain and Japan.

At present the factory produces about 500 products in over 4,000 types. The factory's transmission V-belts, cloth-inserted rubber hoses and eight other products have won the state or provincial high-quality product prizes.

A Pakistan businessman has ordered 360,000 AM of transmission V-belts in the last two years. ■

Foreign-Funded Firms Make Profits

Between 1979 and May this year, 199 foreign-funded and co-operative enterprises were established in Tianjin, one of China's 14 open coastal cities. Forty-three of them have been recognized as export-oriented enterprises and 23 as technologically advanced by the city government.

Most of the foreign-funded enterprises in Tianjin yielded good economic results. According to 1986 statistics, their sales totalled 527 million yuan (about US\$140 million); and profits 105 million yuan (about US\$28 million); the return rate on investment was 19.9 percent. Foreign exchange earnings were registered at US\$43 million, so the foreign exchange accounts of the enterprises were balanced or better.

Foreign-funded enterprises engaging in industrial production have done relatively better. The value of their exports was US\$25.35 million, averaging a 24 percent rate of return on investment; 26 joint ventures which started operation over two years ago registered a 32.4 percent rate of return.

Most of the 13 foreign-invested enterprises now in deficits are in the service trades. Their problems are due to poor management and losses in adjusting the interest rate of Renminbi.

Li Ruihuan, mayor of Tianjin, said, "In order to promote Sino-foreign joint ventures, Tianjin will revise and improve unreasonable or incomplete policies and regulations." He added that in line with the city's conditions, it will also seek to extend contract periods to help foreign-funded enterprises earn a profit.

by Yao Jianguo

Mobil Oil Corp. Returns to China

As the price of petrol has risen again, foreign oil companies have become more interested in China. The office of the US Mobil Oil Corp. in China, which was closed in 1984, started operation again on July 10 and will be seeking a new chance to co-operate with China.

After China implemented the policy of exploiting oil in co-operation with foreign countries in 1979, Mobil was one of the first

foreign companies to react and conducted seismological survey of the Zhujiang River basin. When it failed to win the bid, the company withdrew.

Speaking at the opening ceremony of the new office, Mr. Paul J. Hoenmas, president of the company's exploitation and production department, said that his company is not disappointed in the exploitation of Chinese offshore oil resources.

Although offshore oil and gas drilling has its risks, the investment is well worthwhile in China which has some of the best oilfields in the world. The Chinese offshore oil corporation will sell some of its oil data in September, and Mobil will buy them for study and analysis.

According to Mr. Hoenmas, Mobil is also interested in mainland oil exploitation in south and northwest China.

Mobil entered China before the founding of the People's Republic in 1949. It sold a number of oil products at that time, including kerosene and kerosene lamps.

In 1973, the company again began dealing with China. It sold phosphate, polyethylene and resin as well as distilling dewaxing and catalyst technologies. It also bought oil products from China.

by Yao Jianguo

Trade News in Brief

■ The Shanghai Hudong Shipyard will build a 62,000-ton-oil tanker for a shipping company in Chile. This has brought the number of shipbuilding contracts signed by the China Shipbuilding Corporation to eight, totalling 200,000 tons, in the first half of this year.

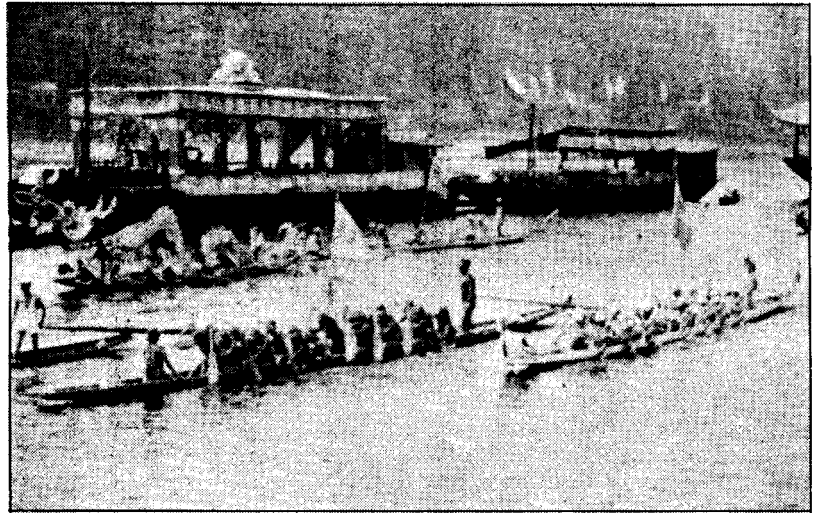
■ Putian City in Fujian Province, China's largest electronic watch base, exported 36 million watches to Hong Kong, India, Bangladesh and Brazil in the first half of this year. It expects to turn out 80 million watches and watch cores this year.

Dragon-Boat Race Offers Something for All

Drums were beating; spindrifts flew. On the wide river, dragon boats forged ahead like dragonflies skimming the surface of the water. People on the long, narrow boats paddled at top speed, singing work songs to synchronize their movements. On the banks, crowds of joyful spectators, holding colourful banners and umbrellas, cheered the paddlers on. What a sight!

This was the scene at the dragon-boat races held in Leshan, Sichuan Province to celebrate the traditional Chinese Dragon Boat Festival, which falls on the fifth day of the fifth lunar month annually (May 31, this year).

The festival dates back to that day in 278 BC, when Qu Yuan, a great Chinese patriot and poet, committed suicide. Qu threw himself in a river because his talents and concern for his country and people were rejected by rulers of Chu State during the Warring States Period (475-221 BC), who believed false charges against Qu lodged by treacherous officials. It is said that Qu's patriotism moved



A dragon-boat race in Leshan, Sichuan Province.

HUANG LUKUI

a spirit—a big golden carp. She put his corpse on her back and swam towards his home town. On her way, she met some river monsters. She struggled to drive them away, but failed. Seeing her plight, people on the bank dropped some rice wrapped with reed leaves (called *zongzi* today) into the river. This diverted the

attention of some monsters, but not all. Then the people got the idea of decorating their boats like dragons. (According to legend, the dragon is the king of all aquatic animals.) People on the dragon boats paddled and shouted and finally all the monsters were frightened off. Since that time, Chinese people throughout the country eat *zongzi* and race dragon boats that day to show their respect for Qu and express their desire to seek justice and drive out evil.

The ancient city of Leshan has a history of more than two thousand years and also charms visitors with its many scenic spots. It has the world's largest stone-carved sitting Buddha, 70 metres high, and Emei Mountain, one of four most famous Buddhist shrines in China.

Three rivers—the Minjiang, Qingyi and Dadu—surround the city. The wide slow-flowing rivers make Leshan a good place to hold dragon-boat races.

This year, international dragon-boat races were held in conjunction with an economic and trade

"Snatching ducks," one of the favourite games in the area.

HUANG LUKUI





Foreign business people at the Leshan trade and economic fair.

HUANG LUKUI

fair. Business volume at the trade fair reached 1,100 million yuan and contracts were signed for a number of economic and co-operative projects. Products at the fair included motors, household electrical appliances, silk, tea, medicine and other local products. The event drew 15,000 foreign and Chinese businessmen.

The festival and trade fair began with a parade of dragon boats featuring plastic decorations. People on the bank saw dragon boats decorated with exquisite ancient Chinese buildings, scenes from classic Chinese dramas, dancers and acrobats, and other artistic creations. A burst of sound from one boat drew the attention of the spectators. On the boat they saw 30 young peasants, each holding a bamboo folk pipe—an ancient musical instrument that is very popular in the Leshan area. Arranged at the head of the boat were five pipes, each 2.5 metres long; the other 25 instruments were 1.2 metres in length. This kind of pipe has a smooth sound and vigorous tone quality. Using different volumes of breath, various mouth shapes and tongue movements, the player can produce rich local tunes.

Watching the boats was like watching a parade of dragons: some dragon heads were spurring flames; some dragons seemed to be sailing in the sky; some were painted silver, gold or other gorgeous colours. There was a 45-metre-long dragon decorated with 60 coloured lanterns. As its long body moved gently, it changed

colours from red to yellow to blue. The mouth opened wide, juggling with seven colourful moving balls. It seemed like the dragon's momentum could overturn a river or the sea.

The most interesting dragon was made of vegetables. Its eyes were tomatoes; its nose mustard tubers, its horns bitter gourds and its beard cowpeas. The 17-metre-long dragon, with a head 3 metres high, was constructed from 56 kinds of vegetables weighing 350 kg. Nine farmers spent three days putting the unique beast together. Many foreign and Chinese spectators had their photos taken with the vegetable dragon.

In recent years, dragon-boat racing has become popular in other countries. Since 1984 China, the home of the dragon boat, has sponsored national dragon-boat races several times. A nationwide dragon-boat association has been founded.

At the seven-day Leshan festival which drew 100,000 spectators, more than 200 dragon boats, fishing boats and other boats participated in races and competitions for the best decorations. Eight teams from foreign countries took part in the races. Other events at the festival included displays of canoeing and yachting. Colourful lanterns were floated on the river and heated balloons were released from the boats.

Women's dragon-boat races drew much interest. In the old days, women were not permitted

to take part in dragon-boat races. At the Leshan festival, women participants in colourful costumes on more than 20 dragon boats threw themselves into the race with determination and gusto. The spectators cheered the paddlers on, and applauded enthusiastically when a dragon boat finished first in the 1,000-metre event with a time of five minutes and five seconds.

Competition in the men's events was more intense. Boat racing requires physical strength, consummate boating skills and good team work. The prizes always go to the teams that can work as one.

The festival reached a climax with "snatching ducks." On a section of the river several hundred metres wide and nearly 1,000 metres long, more than 2,000 ducks were driven into the river. About a hundred dragon boats and fishing boats vied with each other to seize the ducks. The ducks, scared out of their wits, fled in all directions. Some would raise their head on sensing a movement and then suddenly dive into deep water. Experienced players squatted at the head of their boats. When a chance came, they immediately dived into the water, and quickly reappeared holding one or two ducks, drawing cheers from the spectators. Sometimes, several boats dashed for one duck, resulting in a boat crash. The duck escaped in the confusion.

Not satisfied with only watching, some spectators joined the game. Some women who failed to snatch any ducks decided to seize some from the boats that were driving the ducks into the water. Male competitors were annoyed and amused at the same time.

Night fell, but it was as bright as day in the ancient city. There were lights everywhere—in homes, on the colourfully decorated gateways and the floating dragon boats. The festival ended with a display of fireworks, leaving a wonderful and unforgettable impression in the people's minds.

by Hong Lanxing

'Shanghai and Me'

We are holding a "Shanghai and Me" essay contest with the aim of strengthening understanding and friendship between foreigners and the people of Shanghai, and in the hope of helping the local authorities make the largest metropolis in China more attractive by giving them your suggestions.

All foreigners, overseas Chinese and compatriots from Taiwan, Hong Kong and Macao, who have been to Shanghai or are staying in the city for whatever reason, are eligible.

Your essay can come in any form — your impressions of or experiences in Shanghai, a person, a family you are familiar with or single event you have encountered. Your comments or suggestions are also welcome: on the city's reforms and how to open it to the outside world, on its investment environment, its urban reconstruction, economic development or other topics.

Detailed reports on special subjects related to Shanghai or the texts of speeches, published or not, of no more than 5,000 words, are encouraged.

Entries may be submitted in Chinese, English, Japanese, French or German. Any style or form is permissible.

All essays will be judged by the "Shanghai and Me" panel which is composed of personnel from several organizations including *China Daily*, Shanghai Branch, and *Beijing Review*, Shanghai Office. The best 10 entries will receive Excellent Essay Awards and 20 other finalists will get Encouragement Awards. Each entrant will receive a souvenir.

A collection of the best essays will be compiled in a book and some of the articles will be published in *China Daily*, *Beijing Review* and other newspapers and magazines or broadcast by local radio stations.

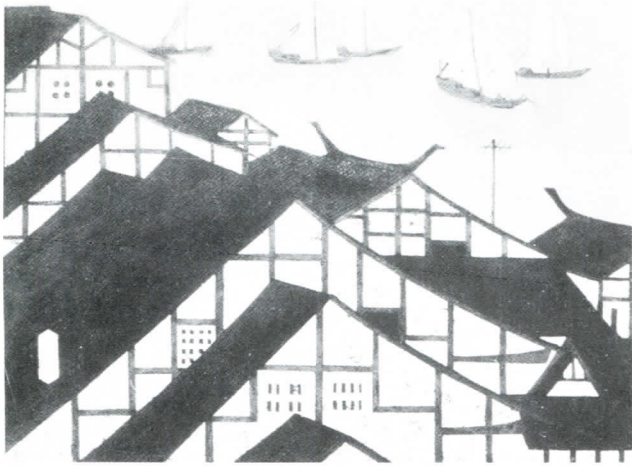
All entries must be sent in before October 31, 1987 by the postmark. Print on all the entries your full name and detailed address and send it to:

"Shanghai and Me" Office

c/o *China Daily*, Shanghai Branch
2/F 1380 Fuxing Road (C)
Shanghai, China

Sponsors:

Beijing Review, Shanghai
Office; and *China Daily*,
Shanghai Branch



Riverview.

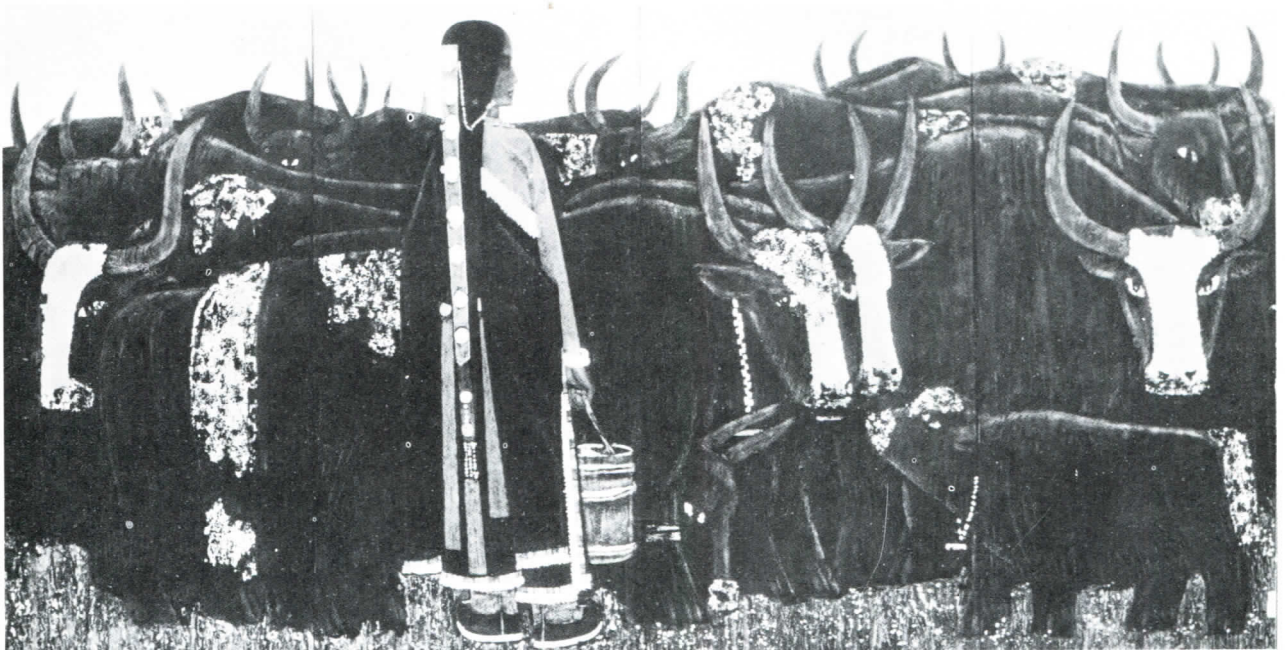
Lacquer Paintings by Qiao Shiguang

Qiao Shiguang, born in 1937 in guantao County, Shandong Province, now teaches at the Central Academy of Arts and Crafts.

Qiao, whose favourite medium is lacquer, is much influenced by lacquerware techniques and his works are distinctive in their rustic simplicity.



A Thai Girl.



Tibetan Woman With Cattle.

Just Off the Press

CHINA'S SOCIALIST ECONOMY

An Outline History (1949-1984)

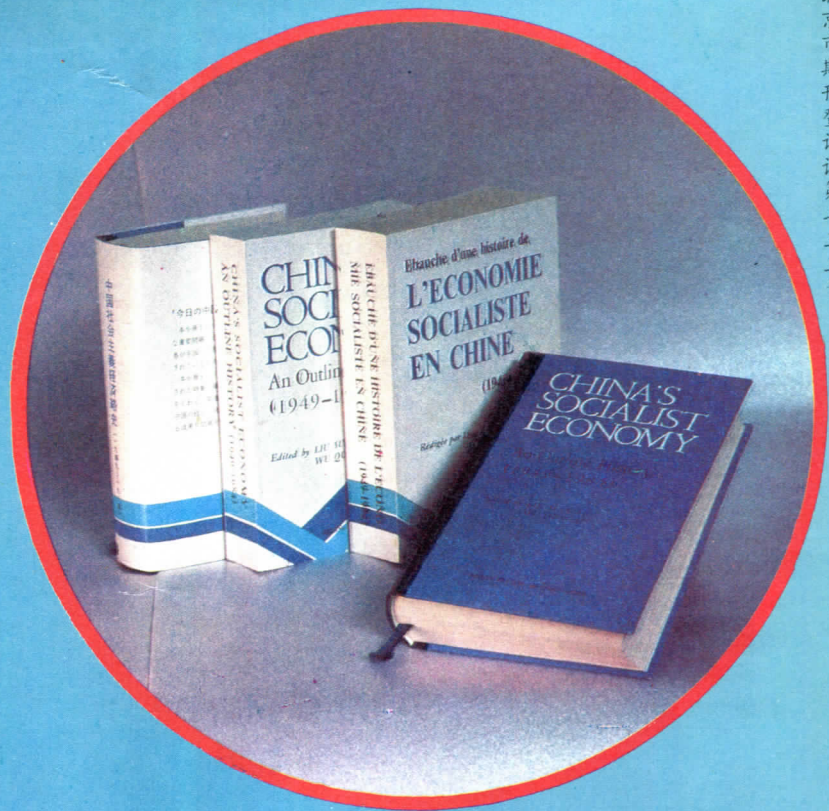
Incorporating the results of research by well-known Chinese economists, this work is a first attempt to give an account of the development of China's socialist economy. It includes many previously unpublished details of events and figures which have emerged through the sifting of a large quantity of historical documents. Readers interested in China, especially students of China's economic history, will find the book invaluable.

The outline history is divided into five parts:

- Rehabilitation (1949-52);
- The First Five-year Plan (1953-57);
- The "Great Leap Forward" and Readjustment (1958-65);
- The "Cultural Revolution" (1966-76);
- A New Plan for Socialist Modernization (1976-84).

Tracing the course of developments through the ups and downs of each period, the authors sum up basic achievements and analyze shortcomings and mistakes in each period since 1949.

The book is also available in French, German, Japanese and Spanish.



Published by **Beijing Review**
Printed in the People's Republic of China
Distributed by **China International Book Trading Corp.** (Guoji Shudian), P.O. Box 399, Beijing, China
Address: 21 Chegongzhuang Rd. West, Beijing, China
Tel: 8022023 Cable: CIBTC BEIJING
Telex: 22496 CIBTC CN