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Democracy in Guangzhou



**DIRECTOR
RESPONSIBILITY
SYSTEM EXTENDED**



A Large Pipe

Smoking and chimneys cause air pollution.
They are a blight which should be eliminated.

By Cai Chengzhong

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COVER: Manager (left) and deputy manager of Yanshan Petrochemical Company in Beijing are in discussion.	

HIGHLIGHTS OF THE WEEK

Division of Power: The Nub of Political Reform

■ The long-standing confusion of powers and functions between Party and government has been the main cause of bureaucratism. To solve this problem in industry and to meet the needs of economic reform, a new leadership system—the director responsibility system—was introduced into enterprises. Experience over the last few years shows that the new system is effective in rationalizing the relations between Party, administration and workers' congresses and allows for quick decision-making, effective leadership and high efficiency. The problems which remain will be solved in the forthcoming political reform (p. 4).

Year of the Factory Director

■ Nineteen eighty-seven has been designated the year when the director responsibility system will be fully implemented. This issue carries a review of the development of the idea and an analysis of the system (p. 14), as well as a study of how the system is working in the Beijing Wool Mill, one of the first enterprises to institute it (p. 17).

Promoting Democracy in Guangzhou

■ Democracy with Chinese characteristics is being vigorously developed in Guangzhou. The role of the people's congress has been enhanced and regular appraisal of cadres instituted. City leaders have become more accessible to the people through suggestion drives, television programmes and newspaper columns. (p. 22).

Indian Newspapers Cannot Lie Away Facts

■ Some Indian newspapers are ballyhooing that China's Tibet has been independent in the past and that the McMahon Line is a legal border. But history gives the lie to their assertions, made out of ignorance if not expansionist ambitions (p. 25).

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Division of Power Begins With Enterprises

by Jin Qi

Separating the responsibility of the Party and government to eliminate the over-concentration of power in Party committees is at the heart of the reform of China's political structure. A blueprint for this is expected to be worked out at the 13th National Congress of the Communist Party of China (CPC), scheduled for this October.

The concept of this reform was set forth in Deng Xiaoping's speech "On the Reform of the System of Party and State Leadership," delivered on August 18, 1980 (See *Beijing Review*, issue No. 32, August 1986). The speech, which was adopted by the Political Bureau of the Central Committee on August 31 that year, became the guide to the reform.

Deng had said, "Over-concentration of power means inappropriate and indiscriminate concentration of all power in Party committees in the name of strengthening centralized Party leadership. Moreover, the power of the Party committees themselves is often in the hands of a few secretaries, especially the first secretaries, who direct and decide everything. Thus 'centralized Party leadership' often turns into leadership by individuals. This problem exists, in varying degrees, in leading bodies at all levels throughout the country.

"Over-concentration of power in the hands of an individual or of a few people means most functionaries have no decision-making power at all, while the few who do are overburdened. This inevitably leads to bureaucratism and various mistakes, and it inevitably impairs the democratic life, collective leadership, democratic centralism and the division of labour with individual responsibility in the Party and government organizations at all levels. This

phenomenon is connected to the influence of feudal autocracy in China's own history and also to the tradition of a high degree of concentration of power in the hands of individual leaders of the Communist Parties of various countries at the time of the Communist International."

"The long-standing failure to understand this adequately," Deng stressed, "was one important cause of the 'cultural revolution,' and we paid a heavy price for it. There should be no further delay in finding a solution to this problem."

In recent years, the leadership system was first introduced in the enterprises to meet the urgent needs of economic reform and economic invigoration. This means "the director (manager) responsibility system" was adopted to replace the original "system of director responsibility under the leadership of the Party committee."

Established in 1956, the former system stipulated, "All major issues in an enterprise must be decided through Party committee discussion, while the factory director is responsible for directing an enterprise's production and administration." Over-concentration of power in the Party committee separated responsibility from power, and created many difficulties for the director who found it hard to carry out his duties and in the end nobody was really responsible.

The CPC Central Committee's Decision on Reform of the Economic Structure adopted in October 1984 called for the institution of a director responsibility system. In September 1986, the Central Committee and the State Council issued three sets of regulations, clearly defining the

functions and powers of the director (manager) of state-owned industrial enterprises, the Party organization and the workers' congress (its standing body being the trade union):

- The factory director is the legal representative of the enterprise, directs enterprise production, exercises unified leadership over management and operation and assumes full responsibility;

- The focus of the Party organization's work in the enterprise must be shifted to supervising and ensuring the implementation of the guidelines and policies of the Party and state, carrying out ideological and political work, and functioning as a fighting force, and helping the Party members to give play to their exemplary role;

- The system of workers' congresses and other democratic management systems must be established in every enterprise so that the trade union and workers' representatives can carry out their duties of examining and discussing the enterprise's major decisions, supervising administrative leaders and safeguarding the workers' legal rights and interests.

All this provides for a reasonable division of work between Party and administration and for the unity of power and responsibility. It facilitates a production and management system headed by the factory director and enables an enterprise to function as an economic entity. It also guarantees the democratic rights of the workers, who are after all the masters of socialist enterprises.

The power and responsibility of the factory director have thus been greatly expanded. The state entrusts the factory director with the power to make management decisions, direct production, ap-

China Celebrates Army's 60th Anniversary

point and dismiss administrative personnel, reward and punish workers. At the same time, it requires him or her to keep a socialist orientation in management, implement the guidelines and policies of the Party and state and observe laws and regulations. The director is responsible for operating the enterprise well and achieving the goals set for his or her term of office. Under the new system, the factory director can count on the collaboration and support of the Party organization and workers' congress. Of course, the director must also rely on them and accept their supervision.

The readjustment in the functions and powers of the Party committee in an enterprise will free it from the day-to-day production and management duties and enable it to concentrate on building up grass-roots Party organizations, and play a greater supervisory role. This will eventually improve and strengthen, not weaken, the Party's leadership.

By the end of June, the new enterprise leadership system had been instituted in over 36,000 state-owned industrial enterprises. It is expected to be adopted in all key enterprises before the end of this year. Experience shows that the new system is effective in rationalizing the relations between the Party committee, the directors' administration and the workers' congress, and conducive to creating a production and management system capable of quick decision-making, with effective leadership and high efficiency.

There are, however, some aspects of the question which require further exploration. These include raising the competence of the director and guaranteeing an enterprise's decision-making power. This latter question is bound up with the role of the leading bodies of the Party and government organizations at all levels and awaits solution during the forthcoming political restructuring. ■

The scorching and sultry weather has slowed down most activity in China. In fact, everything seems to have been listless lately except the celebrations to mark the 60th anniversary of the founding of the Chinese People's Liberation Army (PLA). The events started in the early July and the pitch of activity kept heightening along with the temperature.

In the buildup to the anniversary, the PLA dominated TV and movie screens, as well as newspapers and magazines. A 12-part TV series, entitled *Let History Speak to the Future*, recounts the history of the army, from its birth on August 1, 1927, up to the present. The series, aimed especially at the younger generation, tells the PLA story in a more vivid and objective way than similar programmes in the past. Mao Zedong, for instance, is shown not as the only founder of the PLA—as he was during the “cultural revolution” (1966-76)—but as one of the founders. Also, he is treated as a real man instead of an omnipotent god. He is painted as “a man who taught,” “a graduate of a teachers' college,” “a man who liked to write poems,” instead of “great supreme commander, leader, teacher and helmsman,” as he was once called.

As part of the anniversary activities, the PLA opened a national meeting of combat heroes in Beijing July 27-31 to promote patriotism, revolutionary heroism and the struggle to safeguard and build socialist China.

The meeting, according to Yang Dezhi, a member of the Central Military Commission (CMC) and chief of the General Staff, was to review the PLA's achievements over the past decades and promote efforts to modernize the army and China as a whole. In the past, Yang said,

especially since 1980, when Deng Xiaoping was selected as chairman of the CMC, the PLA has made outstanding achievements in military training, political work, defence science and research, and logistics, as well as contributing to the success of reforms and to socialist construction. The achievements were made under the Party's leadership and with the help of people's governments at various levels, he said.

A total of 500 PLA combat heroes attended the meeting and received badges and certificates of honour. It was the largest meeting of its kind held to date and one of only two in China's history. The first was held in 1950.

The anniversary festivities reached a climax on the eve of the Army Day, August 1, when a grand celebration was held in Beijing with more than 4,000 participants. China's top five leaders attended the meeting, indicating the significance of the anniversary and the importance of the defence affairs in the country's modernization drive.

Yang Shangkun, a member of the Political Bureau of the Chinese Communist Party Central Committee and vice-chairman of the CMC, spoke at the meeting. After recalling the 60-year history of the army, he said, “Our country and nation have changed a lot in the past 60 years. These historical transformations are victories that have been won through the Party's leadership and the people's struggle. At the same time, the victories are closely related to the founding, development and heroic fight of the army.” Yang continued, “In peaceful times, we still can say, ‘without a people's army, the people have nothing’.” He was referring to Mao's description of the importance of

the army in 1945, during the war.

Yang said the army's modernization is a process of continuous reform and modernization cannot succeed without the reforms. He reiterated Deng's call on the anniversary: "Strive to build our army into a strong, modernized, regularized and revolutionary one."

Elsewhere in China, Shanghai, the country's largest city, changed the traditional routine of Army Day by opening a military film retrospective on July 25.

"We'll represent and extol, through the lively art form of film, the remarkable historic contributions the PLA forces have made," said Liu Zhenyuan, vice-mayor of Shanghai and also chief of the organizing committee of the film festival, entitled *Ode to Our Army Flag*.

The festival, the first of its kind in China, aims to promote familiarity and mutual understanding between the PLA and the people and to educate people in their revolutionary traditions.

The retrospective will continue until August 25. More than 60 military features and 20 documentary films will be shown at 1,300 viewing centres in and around the city. More than 100 public cinemas and theatres will show only military films—mostly the latest ones—from August 1 to 15. An estimated total audience of 10 million is expected during the festival. Shanghai-based PLA troops will get a chance to see at least two films a week.

Another feature of the Army Day celebrations in Shanghai was the opening to the public of a garden in Tianshan Park called the National Defence Garden. The garden will serve as a mini-military museum. Defence Minister Zhang Aiping did the calligraphy on the signs for the garden and the National Defence Education Hall in it. The mini-museum consists of the exhibition hall and an open plot where arms are on display. The garden is the first phase of a larger project

which aims at transforming the whole park into a military park.

by Li Haibo and Dai Gang

PLA Promotes Overseas Contacts

The Chinese People's Liberation Army (PLA) will start sending promising young officers to study in foreign academies this year, says a senior official of the foreign affairs department of the Chinese Ministry of National Defence.

"This is another important step taken by the PLA in its overseas contacts, aimed at training senior military commanders," he said on July 27.

An extensive exchange of visits by senior leaders of the PLA and foreign armed forces, and frequent exchanges of technical personnel are the two outstanding features of the Chinese army's foreign contacts in recent years, the official said. "The basic guiding ideology for our contacts with the armed forces of foreign countries is to promote mutual understanding and friendly relations, maintain world peace and facilitate the modernization of the Chinese army."

The PLA has furthered its co-operation and friendship with the armed forces of socialist countries, including the Democratic People's Republic of Korea, Romania and Yugoslavia, and has maintained frequent contacts with the forces of China's friendly neighbours, such as Pakistan and Thailand.

The PLA has built co-operation with the armed forces of developing countries in Asia, Africa and Latin America on the basis of mutual understanding. At the same time, he said, it has also maintained good relations with the armed forces of developed countries and has had frequent exchanges in military technology with some of them.

The Chinese army has sent more than 200 delegations abroad in the past eight years, consisting of

about 3,000 people. Among those delegations, 90 were headed by PLA leaders and senior officers. During the same period, the PLA hosted more than 400 military delegations or groups from five continents.

Two Chinese naval vessels paid port visits to Pakistan, Bangladesh and Sri Lanka at the end of 1985. They were the first Chinese naval vessels to visit foreign countries since the founding of the People's Republic of China in 1949, the official said.

The PLA has become more active in exchanges with foreign armies since the country started to implement the policy of reform and opening up to the outside world in 1978, he said. The PLA has contacts with the armed forces of 85 countries, and China maintains military attache offices in more than 60 countries, while 45 countries have military attaches in China.

"These broad contacts have helped extricate our army from its former isolation and promote mutual understanding between our army and the armed forces of foreign countries, creating sound conditions for friendly co-operation and professional exchanges in various fields," he said.

Besides fostering friendly relations, the Chinese army has expanded its technical exchanges with foreign armed forces. More than 1,000 experts, scholars and professionals from the PLA went on study tours, took refresher courses and attended seminars abroad last year, and more than 700 specialists went abroad in the first half of this year, the official said.

The PLA has also invited foreign military experts to lecture in China. These exchanges have helped the PLA get to know the new trends among foreign armies and acquaint itself with new military techniques.

The PLA gives what military assistance it can to countries and people suffering from invasion

and oppression as part of its foreign contacts, he said. "In the past, we provided many African fighters for freedom with military assistance in their struggle for national independence. Since they won independence, we have been supplying them with equipment and training professionals for their national defence. This is our international obligation."

The PLA's exchanges and co-operation with foreign armies will continue to expand, he said. For instance, the Hungarian People's Army Art Ensemble's China performance tour in May this year was a breakthrough. Until the tour, exchanges between the Chinese army and the armed forces of Hungary and other East European countries had been suspended for 20 years. The PLA's contacts with the armies of these countries can be expected to gradually increase, the official said. ■

AIDS: Will It Spread in China?

Three lives have been lost in China as a result of the deadly acquired immune deficiency syndrome (AIDS). And other AIDS victims have been found in Zhejiang Province and possibly in Beijing. The cases have evoked concern from both the Chinese government and people in general about the new threat that is haunting the world.

The first AIDS related death recorded in China was of an Argentine tourist, who died in Beijing in 1985. A Chinese-American residing in Fujian Province died last February after returning from New York. And the third death involved a haemophilia patient in Zhejiang, who received an injection of imported blood products. Three other haemophiliacs there have also fallen victim to AIDS, while sources say some people in Beijing have responded positively to antibody tests.

Although the Chinese cases seem negligible in number among 1 million world AIDS victims, "Few being found does not mean few exist," said an epidemic prevention official. Tests are made only on people who are the likeliest to have been exposed to the virus. To date, about 7,000 tests have been conducted in China.

While most Chinese think of AIDS as irrelevant to them, more and more city residents are starting to talk about it as a hazy threat. One Beijing college graduate said he thinks AIDS will inevitably spread in China, as the country opens its door wider to the world and social attitudes change. But Public Health Minister Chen Minzhang argues that such a chance is slim, since homosexuality and casual sexual relations are both against the law and contrary to Chinese morality.

The three Zhejiang AIDS patients are under quarantine and are being treated, and their relatives and others who may be infected are being checked by the province's health organizations, the minister said. And the state has spent 500,000 yuan (about US\$135,000) on AIDS research. Later this year, China will be able to produce the testing reagent in quantity. The country's efforts to combat AIDS stress prevention, in a bid to eliminate all the possible sources, of an epidemic.

In 1984, a state epidemic prevention official said, the government pushed through a strict law to halt the importation of blood products. At the same time a massive screening of imported blood products already in the country was conducted. But small quantities of unapproved products have entered China through private mail or have been brought in by visitors. The epidemic prevention authorities are urging people with such products to hand them over for examination.

A law enacted in December 1986 stipulates that foreigners intending to stay in China one year or longer must have proof of a negative AIDS test. And all foreigners living in China and all Chinese returning from a long stay abroad are supposed to take an AIDS test. But the rules have not been rigidly applied and few people have actually taken the test. An American AIDS victim who was recently evacuated from China by a US military plane knew he had AIDS when he came to China, according to his parents.

With the lax enforcement of the new law, experts warn that some Chinese youth who have irresponsible sex relations with foreigners may become infected with AIDS and cause an epidemic in China. The experts call for ideological and sex education for young people and public education about the causes and development of AIDS at home and abroad. "Grave concern is more helpful than blind optimism," one of the experts said.

Chinese Teens Join US Space Project

Containers carrying two Chinese students' experiments will hitch a ride on the US space shuttle in 1988 for scientific tests in outer space.

Two 17-year olds are the first Chinese students to participate in the US Get Away Special project. Their experiments involve collecting space dust and solidifying liquid mixtures.

The experiments were chosen from 7,000 proposals mailed in to the China Get Away Special contest by students throughout the country. The contest was organized jointly by the Chinese Society of Astronautics and the American Association for the Promotion of Science in China.

On July 23, State Councillor Zhang Jingfu and other Chinese officials awarded medals and



QIAN ZHIRONG

Young Chinese and American Get Away Special experimenters exchange experience while visiting the Shahe ground satellite station in Beijing.

prizes to 29 students from 13 Chinese provinces and municipalities for their designs. Zhang said, "The Chinese government will give full support to such activities by Chinese students. I hope Chinese students will make further efforts in scientific experiment."

The two winners—Wang Nianqing from the No. 14 middle school in Lanzhou, Gansu Province, and Tian Chunliang from the No. 107 middle school in Shenyang, Liaoning Province—will tour the United States in 1988 and watch the launching of the space shuttle with their experiments on it.

Two containers with the students' experiments will be located in section 614 of the shuttle. The American Association for the Promotion of Science in China leased the section and presented it to the Chinese Society of Astronautics as a gift.

The US Get Away Special project is sponsored by the National Aeronautics and Space Administration. During the previous 24 space shuttle flights, 73 experiments designed by students from the United States, Federal Germany, Japan, Britain and

other countries have been carried out. Altogether, 147 experiments from 21 countries have been conducted on the shuttles. ■

CAAC Reforms In the Works

Passengers who travel on China's national airline will enjoy better service after the end of next year when the Civil Aviation Administration of China (CAAC) is divided into three parts—administration bureau, aviation company and airport authority, says Ke Deming, CAAC's deputy general director.

Before reforms were introduced early this year, initially at CAAC's southwestern sub-bureau in Chengdu, the administration bureau was not only responsible for policy-making, but also played a large role in the management of airports and flights. Higher-ups who were divorced from day-to-day operations blindly handed down directions to subordinates who gradually got into the habit of blindly following them. Employees lost their initiative and even took advantage of loopholes to do less than their job because, according to Ke, no matter how hard they

worked to raise profits, their wages and bonuses stayed the same. Employees did not try to please passengers in general, but only their relatives or friends. Flight attendants wore sour faces, flights took off late, luggage was lost and strangest of all—while crowds of people waited outside ticket offices, more than 20 percent of the seats on domestic flights and about 40 percent on international flights were vacant.

The responsibility system to be implemented in seven CAAC administration sub-bureaus (the Xinjiang sub-bureau will not be reformed at this time) means that seven companies will vie with one another to woo passengers. The companies will pay a fixed percentage of their profits to the state, so the more they make, the more they get to keep. To make still more money, the companies can expand by opening restaurants, hotels and other services, said Ke. But they will not be allowed to raise prices for tickets or freight services. These will be set by the central administration bureau.

CAAC has 164 passenger planes. The planes are divided among the eight sub-bureaus. Since 1983, when CAAC began to post a profit, the airline has been increasing its service at an annual rate of more than 30 percent. In the first half of this year, CAAC launched service on 12 new routes—five international and seven domestic. In the same period, passenger volume rose by 34.5 percent and cargo volume by 37.8 percent. The airline also added 10 passenger planes to its fleets including Boeing 747s and 767, BAE-146s and Y-7s. And there are plans to acquire a further 13 planes.

CAAC will open one more international route—Beijing-Shanghai-Vancouver-Toronto—and three more domestic air routes this year. The domestic routes are Beijing-Shantou, Beijing-Haikou and Urumqi-Dunhuang.

Commenting on service quality, Ke said that although CAAC's service standard cannot be compared with the first-rate Thai airline, it is not as bad as some people say. He said there are technical reasons for some of the problems such as luggage conveyor belts that often go wrong and luggage slips that tend to fall off. Also, the flights attendants speak poor English.

Other Chinese airlines are also expanding. China United Airlines, the largest of the country's 17 local airlines, carried more than 100,000 passengers in the first half of 1987, 2.5 times the figure for the same 1986 period. China United, which uses air force planes and airports, operates 24 domestic air routes, of which 16 started this year. Zhao Genbo, an official of the airline said he hopes that the current CAAC reform will lead to the opening of CAAC airports to the local airlines' planes. If the airports are opened to competition, Zhao said, bureaucracy will be reduced and service standards raised.

by Zhao Zonglu



Weekly Chronicle (July 27-August 2)

POLITICAL

July 31

■ On the eve of the 60th anniversary of the founding of the People's Liberation Army, Party and government leaders and representatives of people's organizations all over the country sent their hearty greetings and expressed their gratitude to the officers and soldiers of the PLA, *Renmin Ribao* (People's Daily) reports.

In the past few days, leaders of the local governments of Beijing, Tianjin and Shanghai visited PLA barracks, army hospitals, and military institutes and colleges to express their interest in the work, training and living conditions of the officers and soldiers and to solicit suggestions and opinions from them about the local government work.

ECONOMIC

July 27

■ Another important oil-producing region could be located in a depression of the Beibu Gulf, which flows into the South China Sea, an official of the China National Offshore Oil Corporation says.

An oil well producing 944,000 cubic metres of natural gas, 1,320 barrels of condensate oil and 1,484 barrels of crude oil daily has recently been tapped in the region.

July 28

■ The Altay Prefecture in the Xinjiang Uygur Autonomous Region will get US\$17.59 million in aid from the World Food Programme for its animal husbandry development scheme.

CULTURAL

July 27

■ The Ministry of Posts and Telecommunications issued a commemorative stamp to mark the centenary of the birth of

Esperanto, Xinhua reports.

Esperanto is a language invented 100 years ago by L.L. Zamenhof, a Polish oculist. About 10 million people in more than 90 countries are thought to have mastered the language.

July 28

■ The first group of 137 students has completed post-graduate programme at Huanghe (Yellow River) University in Zhengzhou, Henan Province, Xinhua reports.

Set up in 1984 with financial donations by overseas Chinese and grants from the provincial government, the university began to admit students in post-graduate programmes on American studies, English, computer soft-ware and economic management in 1985.

SOCIAL

July 31

■ According to the Central Meteorological Observatory, a heat wave has hit a vast area of north China since July 23, with an average maximum temperature of up to 35 degrees Centigrade in the daytime, a Xinhua report says.

Affected by a subtropical high-pressure zone, it is the most widespread and longest-lasting heat wave in north China so far this summer, but it is not abnormal, the observatory said.

■ The All-China Women's Federation called on government departments and enterprises to end discrimination against female college graduates, Xinhua reports.

At Beijing University, more than 100 female graduates were not able to find jobs. Eighty percent of the female graduates in the department of journalism at the China People's University returned to university because they could not find jobs. Even at the Central Institute of Finance and Banking, where the number of graduates always falls short of demand, three female graduates are unemployed.

UNCTAD

Calling for North-South Co-operation

The seventh session of the United Nations Conference on Trade and Development produced some positive results that could help revitalize the world economy.

The recent session of the United Nations Conference on Trade and Development (UNCTAD) ended on August 3 with the adoption of a document entitled "The Final Act of UNCTAD 7." The document calls on both developed and developing countries to adapt their national policies to the international environment.

With the objective of revitalizing economic growth, development and international trade, the 26-day session focused on four major topics: resource development, commodities, international trade and the least-developed countries.

The meeting began on July 9. After a week-long general debate, four committees were established to deal with the four main issues. On the debt problem, representatives from third world countries called for concerted international efforts to ease their debt loads.

The latest International Monetary Fund statistics show that the accumulated external debt of the developing countries reached US\$1.041 trillion by the end of 1986. The ratio between external debt and export earnings averaged 167 percent. Many delegates argued that the worsening world economic environment, including low commodity prices and trade restrictions, is the major cause of debt problems. They called on developed countries to increase official development assistance and open their markets to exports from developing countries to create the conditions to improve the debt situation.

Delegates suggested four ways out of the debt quagmire. They called on creditor countries to reschedule, reduce or cancel debts, or convert them into investments.

Rescheduling involves creditor countries working with international financial institutions, com-

mercial banks and the debtor countries to ease the burden of payments by giving debtors a payment-free grace period or extending payments over a longer time. The Group of 77 has said that debts cannot be serviced and repaid under present conditions and without sustained economic development. Therefore, the group said, the international community should help implement a gradual repayment policy based on uninterrupted economic development.

Debt reduction refers to cuts in interest rates to ease the debt burden. Reports say half of all external debt incurred since 1980 is a result of higher interest rates. Cancellation means reducing or eliminating debts, while through conversion, creditors turn debts into direct investment so as to promote economic development.

Commodities were another major issue under discussion. The core of this issue is prices for primary products. Most developing nations depend on the production of raw materials for more than 30 percent of their gross domestic product (GDP). But commodity prices on the world market have fallen to a 50-year low because of various factors, including reduced demands and growing protectionism. Developing countries demanded that UNCTAD take effective measures to stabilize commodity prices.

One major achievement during the session was the signing of Common Commodity Fund by the Soviet Union, which became the 94th country to join the fund. The fund was launched by UNCTAD in 1980 as a means to shield the developing countries from export losses caused declining raw material prices. Ratification by the Soviet Union of the fund agreement would bring the fund's total percentage of directly contributed capital to 65.26 percent, only 1.4 percent short of the required two-thirds.

The seventh session of UNCTAD.



The problems of the least developed countries were also discussed. According to the UN definition, these are countries with a per-capita GDP under US\$100, less than 10 percent of GDP attributable to manufacturing, and a literacy rate among adults of less than 20 percent. The number of least developed countries has increased from 21 in 1971 to 40 at present, and their economic situation has been steadily deteriorating in the 1980s. To improve the situation, the conference called on the developed countries to fulfil the official development assistance target of 0.15 percent GNP for the least developed countries or to double the figure if they fail to meet the target.

As a developing country, China firmly stands with the third world and advocates more North-South co-operation for global economic recovery. China's delegate to the session, Vice-Premier Tian Jiyun, pointed out that the global slowdown in economic growth, which has hit the third world in particular, is the result of "inequitable North-South economic relations." He said today's world economic situation is characterized by increasing interdependence, and third world development is becoming increasingly vital to the economic growth of industrialized countries and a revitalized world economy. But the proliferation of protectionism has reduced exports and slashed the price of primary products that third world countries depend on. And while revenues of the developing countries dwindle, their debts are soaring. For the first time since World War II, there is a net outflow of money from developing countries to the developed ones, Tian noted.

Only prosperous developing countries can provide a market for the capital, technology and products from developed countries. Therefore, the fundamental solution to the problem of third

world development lies in the establishment of a new and equitable international economic order, Tian said.

The conference also urged those developed countries that have not fully observed the UNCTAD resolution on reducing, rescheduling and cancelling the third world debt to fulfil their commitments. But the conference failed to agree on a demand by some developing countries that a global strategy to cover all debtor countries should be formulated. Instead, the final document stressed dealing with problems according to the individual circumstances of each country.

A consensus was also reached on commodities. The conference reiterated the legality of the intergrated agreement for com-

modities, initiated by UNCTAD in 1976. The agreement aims to stabilize commodity prices through the establishment of a common fund, and various international commodity agreements.

The conference renewed a 12-year-old commitment required of developed countries to halt protectionism.

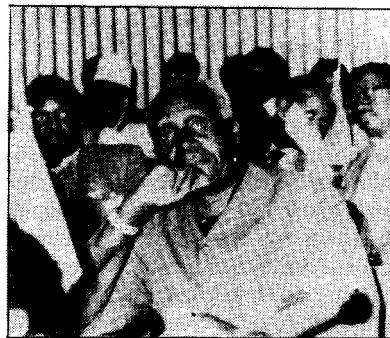
While urging developed countries to give special treatment and favour trade with landlocked and island countries, the conference also stressed the importance of trade liberalization in a range of products including manufactured and semi-manufactured goods and tropical products.

by Li Changjiu and
Zhang Jiansheng

OAU

Summit Tackles Common Problems

The 23rd summit conference of the Organization of African Unity condemned the South African regime for its apartheid policy and adopted a declaration on Africa's external indebtedness, as well as a number of other documents.



Zambian President Kenneth Kaunda is unanimously elected chairman of the 23rd OAU summit.

African leaders wound up their three-day summit in Addis Ababa on July 30 by renewing the call for comprehensive and mandatory sanctions against South Africa and reiterating their

support for the frontline states and liberation movements in Southern Africa that are in the fore of the struggle against apartheid.

During the discussions, the state and government leaders stressed the need for Africa to take political and moral measures to set an example for the world in the implementation of sanctions, while taking into account the specific conditions of the frontline states.

The summit passed resolutions on the Chad-Libya dispute over Aouzou strip—occupied by Libyan troops for the past 13 years—and on the need to accelerate the formation of African Economic Community. The meeting also decided to hold

an Organization of African Unity (OAU) special economic summit in Addis Ababa next month to discuss economic issues affecting the continent, particularly strategies to ease the debt burden of African countries.

During the disastrous three-year drought, many African countries reformed or adjusted their economic development policies. An OAU summit in 1985 formulated the African Priority Programme for Economic Recovery. Under this programme, priority is given to agriculture, and investment in agriculture is to account for 20 to 25 percent of national resources in the annual budgets of African countries. Last year, overall agricultural output in Africa increased by 3 percent, with cereal production estimated at 77.4 million tons, about 6 percent more than in 1985. It was the first time in the past 15 years in Africa that the food supply increased at a faster rate than the population.

Meanwhile, Africa's growing indebtedness, coupled with declining commodity prices, is endangering the recovery programme in some regions. In 1986 the United Nations held a special General Assembly meeting on the critical economic situation in Africa and adopted the UN Programme of Action for Economic Recovery and Development in Africa (1986-90). But the African countries have been disappointed at the response of the developed countries and international financial institutions, which they say have not translated their political commitment into concrete assistance by increasing the net financial flow to Africa and improving the global economic environment for the continent's development.

Africa is burdened with foreign debts totalling US\$200 billion. In 1986 Africa countries paid out US\$14 billion in debt payments and interest. The OAU asked the advanced countries and international financial institutions to

provide US\$45.6 billion in assistance for its recovery programme. But the help was not forthcoming and African countries remain net exporters of capital. The summit issued a declaration on Africa's external indebtedness which drew the attention of the international community to the need to improve African economies to enable the countries to service their external debt.

KAMPUCHEA

Barrier Obstructs Political Solution

The third international meeting on Kampuchea ended recently in Bangkok. Delegates pointed out that Viet Nam is still the main obstacle to a political solution in Kampuchea.

About 300 delegates from more than 30 nations met on July 25-26 in Thailand to seek a political solution to the Kampuchean problem. Delegates noted that the people of Kampuchea have suffered great disasters since Viet Nam occupied their country nine years ago. An early end to the war would not only restore the right of self-determination to the Kampuchean people but would also contribute to peace and stability in Asia and the world. The meeting adopted a resolution which reiterated support for the United Nations' resolutions which call for a total withdrawal of Vietnamese troops from Kampuchea and democratic elections supervised by the UN to set up an independent, non-aligned and neutral Kampuchea.

Soviet leaders have recently said they are ready to solve the Kampuchean question politically. This seemingly suggests they have become more flexible on the matter. Viet Nam has also said that in light of new developments, it is willing to withdraw and seek a political solution in Kampuchea.

Addressing the closing session, OAU Chairman and Zambian President Kenneth Kaunda said the summit agreed on the need for the OAU to continue seeking ways to resolve the continent's problems. "Africa must remain united. It is the only way to solve the problems facing us," he declared. He also expressed confidence that all the decisions of the summit will be implemented.

by Chang Qing

These statements are deliberately misleading. The Soviet Union has not changed its position on Kampuchea and Viet Nam is talking about a political solution only to confuse world opinion.

Chinese representative Ling Qing said in his speech at the meeting that Viet Nam's statements about its readiness to withdraw its troops and seek a political solution in Kampuchea are empty promises made under international pressure. It is well-known the Viet Nam's so-called withdrawal of troops from Kampuchea every year is nothing but the relief of its forces. Viet Nam's real intention is to establish de facto rule over Kampuchea, Ling said. Khieu Samphan, vice-chairman of the Coalition Government of Democratic Kampuchea (CGDK) and the person in charge of foreign affairs, said Viet Nam has no intention of withdrawing its troops from Kampuchea in 1990, 2000 or even after that. The Vietnamese will insist on establishing an "Indo-chinese Federation" and imple-

menting a strategy of regional hegemonism, he said.

Observers consider that the key to a political solution in Kampuchea is the withdrawal of Vietnamese troops, while the concrete measures to be taken are outlined in the UN resolutions on the issue and an eight-point proposal put forward by the CGDK in March 1986. Viet Nam has shown no sign of any increasing flexibility on either the resolutions or the proposal. The Kampuchean people are at a complicated and difficult stage in their political and military struggle against Viet Nam. The people of the world and the international

community must step up political and economic pressure on Viet Nam to support the Kampuchean people in their fight. Chinese President Li Xiannian recently reiterated to Democratic Kampuchean President Norodom Sihanouk that the Chinese government and people will continue to firmly support the CGDK's eight-point proposal and the Kampuchean people's struggle against Viet Nam. If all the justice-upholding nations and peoples of the world unite behind the Kampuchean people, a fair solution the Kampuchean question will be realized.

by Xin Wen

the weapons has also posed difficulties. The US side proposed that the Soviets act first because they have more of the weapons, while the Soviet side insisted on simultaneous action. The intention of the United States to move land-based cruise missiles to warships patrolling the European coast was also opposed by the Soviets.

The Soviet Union's acceptance of the global double zero option has given an impetus to the stalemated arms talks because it will greatly simplify verification for both sides and end the wrangling over the site of the remaining 100 INFs.

But the 72 Pershing-1A short-range missiles in Federal Germany, which have been a major headache in previous arms talks, are emerging as a last obstacle to an agreement. The Pershing-1As belong to Bonn, but their nuclear warheads are controlled by Washington. The Soviets have stressed that the Pershing-1A missiles of the Federal Germany must be included in the prospective agreement. Kampelman declared that the United States would reject any treaty that includes the removal of the missiles.

Arms control experts do not rule out the possibility of compromise by the West. Deployed in the 1970s, the Pershing-1As have been in active service for 15 years and will be out of service in 1989. It is still undecided whether they will be replaced. Since the double zero option is to come into effect in five years, if all goes smoothly, a compromise could be struck if no replacement is named for the missiles. The Reagan administration, just turning the corner in the Irangate crisis, might think that an agreement on arms control is just what it needs. And if such an agreement could be reached and implemented, it would be warmly applauded.

by Zhang Yunwen

ARMS TALKS

Gorbachev Keeps the Ball Rolling

If the hurdle of Pershing-1As in Federal Germany can be cleared, the dream of cutting medium- and short-range missiles to the bone could come true.

Soviet leader Mikhail Gorbachev said on July 22 that his country favours dismantling all medium- and short-range nuclear missiles in Europe and Asia—the so-called global double zero option. To waste no time, the Soviet delegate at the arms talks in Geneva formally tabled a proposal based on this stand the next day. The Soviets are optimistic about the possibility of a Soviet-US summit in the near future, which would lead to the signing of an arms control agreement.

Although somewhat taken by surprise, the Western press praised the Soviet offer, saying that it removes the biggest obstacle to reaching an agreement on eliminating the superpowers' intermediate nuclear forces (INF) globally. The United States was also pleased by Gorbachev's

suggestion. The chief US negotiator at the Geneva talks, Max Kampelman, said, "It eliminates a number of problems in the way of an arms control treaty long sought by the United States."

Since the arms talks reopened when the Soviet Union dropped its insistence on trying space weapons to the INF package in February last year, the negotiations have stumbled on blocks put up by the Soviets and Americans. In response to an earlier US initiative on global double zero, the Soviet Union insisted that the two countries retain 100 warheads on medium-range missiles outside Europe. Washington agreed, but the Soviets could not bear the site chosen by the United States for its 100 INF—Alaska.

The timetable for dismantling

Director Responsibility System in Full Swing

Director responsibility system will be fully implemented this year. In the future, it is the director who will be the legal representative of an enterprise, decides on production and management and be answerable to the state, the enterprise and the workforce.

by Gao Qinglin

The Chinese government has decided that 1987 will feature a determined effort to invigorate the 400,000 state-owned industrial enterprises.

The problem which has been dogging this issue—who should be held ultimately responsible for an enterprise, the factory director or the Party committee secretary—has finally been solved, and the director responsibility system is due to be fully implemented this year. Already the director responsibility system has been instituted in over 30,000 Chinese enterprises.

Powers of Factory Director

In the second half of 1986 the CPC Central Committee and the State Council jointly issued three regulations and a circular on the state-owned industrial enterprises. These regulations are the framework for the system: the factory director takes responsibility under the democratic supervision of the enterprise's Party committee and the workers congress. The Enterprise Law which will soon be enacted stipulates that enterprises must institute the factory director responsibility system.

It is the factory director, not the Party committee secretary, who will be the representative of the enterprise's legal person, leading the enterprise. The factory director will decide on production and management, and will also be answerable to the state, the enterprise and the workforce. This

breaks the mould which has dictated that the Party committee secretary is chief leader of an enterprise. Under the new system deputy directors within a factory and middle-level administrative personnel will all be appointed or removed by the factory director. This breaks the traditional power of the factory's Party committee to appoint and transfer cadres.

The factory director will have full responsibility for making decisions, directing production and recruiting personnel. A factory director will be paid two to four times more than an ordinary worker. directors who distinguish

themselves will be financially rewarded. Those who do worse will be paid commensurately.

Party Committee's Role

The director responsibility system combines economic and political structural reforms, for the role of the Party committee will change in the process of giving the director production responsibility. The Party committee will concentrate on supervising the implementation of principles and policies, on Party construction, and on the ideological and political work of the enterprise.

Lu Mingjing (first right), director of the Shanghai No. 2 Radio Factory, conducting an impromptu survey in a shop.

ZHANG LIUREN





WANG JIAN

Zhao Zikun (left), director of the Dalian Hongqi Machinery Plant, being given a demonstration of the assembly of imported equipment.

In 1956 the system of having the factory director under the leadership of the Party committee began to be widespread. At that time the factory director and deputy directors were responsible to the Party committee, which had all the production and management powers. All affairs of an enterprise, big or small, were to be discussed by the Party committee and approved by the Party secretary. The factory director had limited directorial powers and the Party committee had no time to attend to its own construction and the political and ideological work of the staff.

During the ten chaotic years of the "cultural revolution" (1966-76), the factory revolutionary committee and Party committee practised a system of "unified leadership" which often led to leadership and managerial confusion. Since the Third Plenary Session of the 11th Party Central Committee held in 1978, the factory director has been taking on responsibility again under the leadership of the Party committee.

Since 1980, Chinese leader Deng Xiaoping has been complaining that this system is detrimental to the modernization

of the management of a factory and disadvantageous to the consolidation of the Party's work in the factory. He urged that the system, which made a distinction between Party leadership and enterprise management, should be dissolved as quickly as possible.

Deng also suggested that the system where the factory director assumes responsibility under the leadership of a management committee (for a factory), a board of directors (for a company) or a joint committee (for an economic association) should be tried out at selected units. This was tried, and it was found that there was a lot of resistance to it and often the Party committee kept its powers.

Deng Xiaoping brought this problem up again in 1983, and Peng Zhen, chairman of the NPC Standing Committee, was entrusted with the task of putting the experiment together. He organized an industrial enterprise law study group and visited eastern and northeastern China in early 1984 to make on-the-spot investigations. In May 1984, the CPC Central Committee and the State Council issued a draft enterprise law and decided that state-owned enterprises in Dalian and Changzhou should take the lead in

carrying out the director responsibility system on a trial basis. The conclusion drawn in the recent document on the basis of experiments in the two cities says that the Party is the political organization of the working class, but not the administrative and production organization; the Party should exercise leadership over ideological and political work, and the implementation of policies and principles, but not direct production and management.

Strengthened Powers

Experiments in various parts of the country have shown that with the implementation of the director responsibility system, enterprises have quick access to management and information; administrative decisions can be made quickly; production can be easily directed; and higher work efficiency has been attained. A case in point is the Beijing Cashmere Sweater Plant, which has in the past two years turned out 52 new products with 469 designs and colours, ten times more than the combined figures for the two years prior to the implementation of the director responsibility system. Last year the plant manufactured more than 30,000 cashmere sweaters, and the supply of its products fell short of demand. One member of the staff said: "One person is needed to be in charge of a family; even of 1,000 members."

According to statistics of the State Economic Commission, over 95 percent of the enterprises that have adopted the director responsibility system have reaped economic rewards.

Supervision

The director responsibility system does not mean that the factory director has the final say on everything. Experiments in the past two years have yielded a series

of systems for important decision-making. The three recently issued regulations provide for a management committee to assist factory directors in making important decisions. This committee must include representatives from the enterprises' Party, Youth League and trade union organizations, the chief engineer, the chief accountant, and representatives elected by the workers congress. The factory director is to be the director of the management committee. Important problems in the operation and management of an enterprise must be decided on by the factory director after consultation with the management committee. If the Party committee has any objection to the decisions made by the factory director, it has the right to report the problem to the higher authorities. In this way, decision-making errors on the part of the factory director can be discouraged and rectified. The system also gives an organizational framework for coordinating relations between the various interests.

To ensure against a few factory directors, who are absorbed in the immediate interests of the factory, neglecting the long-term interests during their term of office, enterprises in China have also experimented with the "director (manager) goal responsibility system." In this system careful assessment is made of the achievements of the directors in their terms of office in the following areas: the output value, the number of products manufactured, the products' quality, technical improvement in the enterprise, technology imports and the development of new products, personnel training, the development of intellectual resources, and the improvement in the well-being and living standards of the staff members. The Party committee, the trade union and the workers congress of an enterprise do the supervision.

The Shenyang Heavy-Duty



DAI JIMING

Fu Haozhou (second left), director of the Haiyan No.2 Garment Mill, Zhejiang Province, informing himself about market trends at a sales exhibition.

Machine Plant tried this system. It convened the workers congress three times in a year to formulate the enterprise's goals, and examine their implementation. Every delegate is given the factory director's work report on which to base their discussion. In 1986 the workers congress of the plant organized five inspection groups to supervise the progress of the plant's goals in operation and welfare and the implementation of the workers' proposals.

Under the factory director "auditing system," when the factory director leaves his or her post, an "economic responsibility auditing" is carried out. This auditing checks whether the plant's financial transactions are all legal, whether the books balance, and whether the plant makes a profit or is in the red. This auditing system has been implemented in some localities and will be spread more widely this year.

Outstanding Problems

There is a huge force of people whose job is political work and who staff the Party committees in

state-owned enterprises. They account for perhaps 30 percent of the workforce in some enterprises. The problem of how to arrange for these people to work for the implementation of the director responsibility system without hindering it remains. The Pengpu Machinery Plant in Shanghai simply reduced the staff of its Party committee. There are no full-time Party committee secretaries in some small state-owned enterprises in Jiangmen city of Guangdong Province. But the successful handling of this problem depends ultimately on the political structural reform now under deliberation.

The issue of allegiance is still being debated. Does the factory director represent the state or the enterprise, or both at the same time? There are other questions too. How to define the relationship between the powers and the obligations of the factory director? Should the decision-making power be separated from the management power? It is still unclear how to reconcile the director's right to employ personnel and Party's leadership over cadres. These problems remain to be elucidated in theory and solved in practice. ■

In the Wake of Director's New Power

Changes have taken place in the Beijing Wool Mill following the introduction in July 1984 of the director responsibility system. To find out how this factory—one of the first to try the system—has fared, our correspondent talked to the factory's Party committee secretary, the trade union chairman and, of course, the director.

by Our Correspondent Han Baocheng

Before the director acquired the decision-making power in managing the wool mill, it was led by the Party committee. All decisions on production and management had to be submitted to the Party committee for discussion. Since all the members of the committee, except for the factory director, were Party or trade union leaders not directly involved in production and ignorant of production and marketing matters, the committee often found it difficult to make proper decisions and find good solutions to production problems. The Party committee followed a majority decision policy which neutralized the director if he was in the minority.



Zhou Wenkai (second right) and Zhang Heyu (second left) with trade union cadres.

Director's Power and Responsibilities

While the enterprise had no autonomy, following the state mandatory plan, the drawbacks of the system were not clear. As an independent socialist commodity producer, however, the mill's policy makers are required to respond quickly to market changes. Director Zhou Wenkai says: "Now I can decide, in line with the market, the kind of products we make. Sometimes I ask the chief engineer to make prompt decisions in his talks with foreign business representatives."

Of course, the director does not make hasty decisions on important questions such as changes in

product mix, the arrangements for large projects, or the use of funds. First the director makes proposals. The deputy directors will then organize feasibility studies and draft plans. Their reports are submitted to the factory management committee for discussion. The committee is made up of the director, chief engineer, chief accountant, Party committee secretary, trade union chairman and workers' representatives. Zhou says some questions are solved in one sitting while others are decided upon only after repeated discussions.

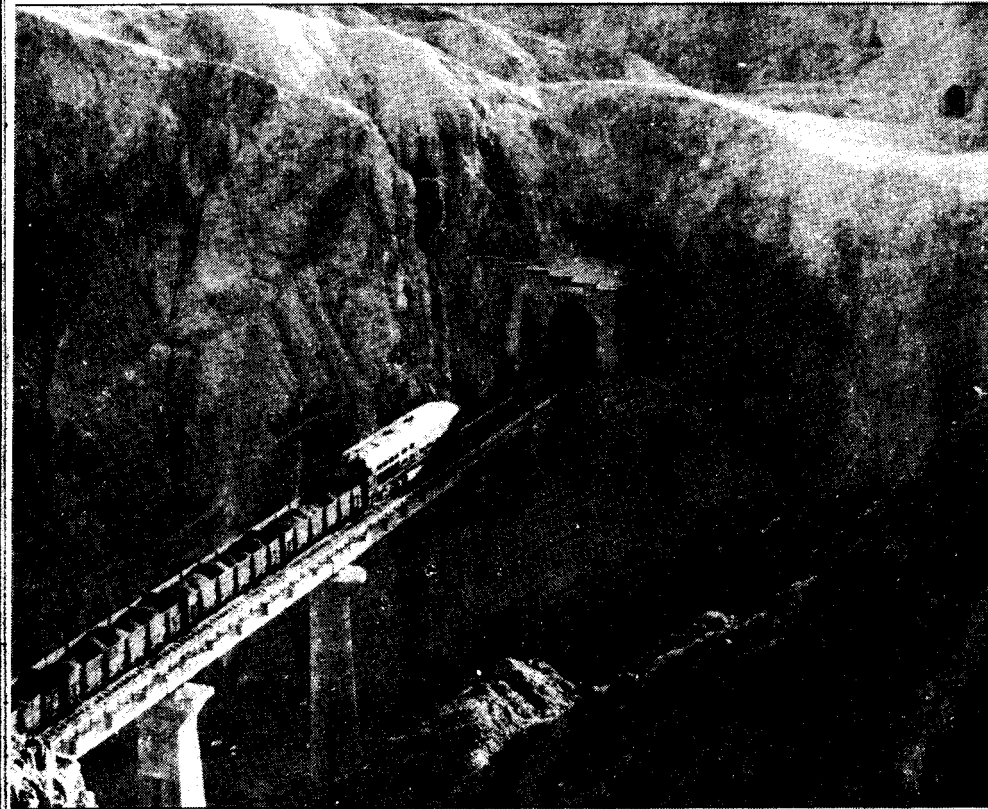
Changes in personnel are always contentious. Although formally the director has the power to appoint middle-level

cadres and nominate candidates for the posts of deputy directors, chief engineer and chief accountant, traditional standards for choosing cadres still hold sway. The Party committee, which used to be in charge of personnel, tends to stress loyalty and reliability in selecting cadres. Zhou says he prefers political integrity, ability and initiative.

Zhou often consults the Party committee secretary before nominating cadres, and the candidates are appointed only after the personnel department has looked into them. Zhou says, "I do not insist on my nomination if someone recommended by others compares favourably with mine. But I refuse to give up on those I

Qaidam Basin on the Qinghai-Tibetan Plateau

The Qaidam Basin, 240,000 square kilometres in area, is located on the Qinghai-Tibetan Plateau. It is known for its beautiful scenery and rich resources, both agricultural and mineral. So far 34 kinds of mineral reserves have been verified. Qaidam, which used to be sparsely populated, now supports over 290,000 people, and a dozen chemical and industrial enterprises, including some producing petroleum and asbestos. Various state farms have also been set up.



A railway line serving a mining area.

Seismic prospecting.





Scientists collecting ore samples in the Chahaner Lake area.



This tin-iron mine in northern Qaidam Basin is one of the largest in the country and is listed as a key state construction project.



Breeding freshwater fish in Keluke Lake which is 2,800 metres above sea level.

The Golmud hydroelectric power station.

Watermelon in Qaidam Basin where wheat, peas, rape and other vegetables also flourish.

(Photos by FAN RUJUN)





A workshop at the Beijing Wool Mill.

HAN BAOCHENG

think most suitable."

The managing deputy director is a university graduate in his 30s. He is quick to pick up on market trends, but his appointment gave rise to some controversy. Some felt he was young and unreliable, and moreover, he is not a Party member. Zhou backed him and suggested he work on probation. The young man proved himself and was accepted.

Zhou says his power now is not small, and to wield that power properly the director must enhance his sense of democracy and be good at pooling the wisdom of the masses. He thinks it is essential to establish a number of consultation systems. All important decisions in the mill must be first submitted to the factory management committee. More routine issues are discussed at a weekly office meeting; a Party-administration joint meeting is held once a fortnight; and a workers' congress meeting is held every six months. The director regularly reports on his work to the Party committee and the workers' congress. In addition, it is routine for the director, the Party committee secretary and the chairman of the trade union to meet every day.

Party Committee's Changed Role

Zhang Heyu, the present Party committee secretary, is seen as a democratic person and has



In the mill's clinic.

HAN BAOCHENG

worked well with the factory director. He feels that with the introduction of the director responsibility system, some traditional practices of the Party committee must be changed. First, he says, the Party committee

members should realize that an enterprise is not a political organization but an economic entity. It has the status of a legal person and needs a legal person as a representative. But the Party committee secretary cannot take up the role, only the factory director is fit for it. The new system has divided the work of the Party leadership and the management, and linked the director's responsibilities with his power.

Second, a clear understanding of the changes in the status and role of the Party organization must be reached. The focus must shift from handling everyday administrative affairs to supervising the implementation of the principles and policies of the Party and state, assisting the factory director, and improving the committee's own work.

Third, ideological education is not hot air. It should be linked to the realities of production and reform and take varied forms. In the latter half of last year the

quality of the mill's products began to deteriorate. At the director's suggestion, the management committee decided to launch a quality competition in the mill. The Party committee started special courses for the mill's 400

Party members to help their understanding of market forces and competition. This, combined with the administration's rewards and penalties and the co-operation of the trade union, helped quickly improve the quality of the mill's products. At a national quality contest late last year, it was found that the mill's rate of first-grade products was the highest of all the wool mills in China.



HAN BAOCHENG

A workshop at the Beijing Dongdan Leather Shoe Factory.

In the new system, the relationship between the director and the Party committee secretary directly affects the performance of an enterprise. Shan Fanghui, a cadre of the Beijing Textile Industry Corp., the unit in charge of the mill, says: "In enterprises which practise the director responsibility system, we make sure that the director and the Party secretary work as a team. If they conflict and mediation does not help, we have to transfer one of them to another unit. That is the only choice at the moment."

Democratic Management

The workers' congress is the channel through which workers exercise their power of democratic management. The trade union is its standing body and the chairman of the congress is also chairman of the trade union. Of the 2,900 workers and staff at the mill 182 are representatives—56 percent of them are workers, and 44 percent technicians and managerial personnel. Over 50 percent of the representatives are

women, as half of the mill's employees are women. The workers' congress holds a meeting every six months to listen to the director's work report and the decisions on motions forwarded by workers' representatives. It also examines and discusses the factory's work plans. If there are disagreements, the representatives may suggest that the director revise his plans.

Although the workers' congress is not a decision-making body, it has a say in all matters, particularly those with a direct bearing on the interests of the workers, such as bonuses and housing distribution, wage reform and the use of collective welfare funds.

Zhang Chengzhao, chairman of the mill's trade union, says that the union used to concern itself with recreational activities, workers' welfare and production competitions. Now it has strengthened its function of democratic management.

Soon after the mill introduced the director responsibility system in 1984, there were great changes in the market and the mill found it hard to adapt. There was waste of raw materials and overstocking of products. The workers' representatives at relevant workshops

reported the problem to the trade union. After investigation the trade union found that one of the problems was the unfair system of reward. They suggested the director introduce the contract system. The suggestion was immediately accepted and the mill logged 670,000 yuan in profit that year, having spent a small sum on extra bonuses.

Workers' suggestions also concern management, technical upgrading, market management, planning, workers' well-being and appointing and removing cadres.

Zhang says that as the standing body of the workers' congress, the trade union naturally should safeguard the workers' interests. The workers' interests, however, vary: There are long-term and immediate interests, individual and collective interests. Then they must be judged against the interests of the state. Reconciling these is the responsibility of the trade union, the Party committee and the administrative leading body. Although no serious labour-capital conflicts like those in capitalist businesses exist in socialist enterprises, contradictions among the people persist. "Our job is to investigate these problems, voice the just demands of the workers and safeguard the

Newly built workers' living quarters.

HAN BAOCHENG



workers' legitimate interests," Zhang says.

In the last couple of years, as the mill has been able to retain more of its profits, the workers' congress has suggested the mill improve its provisions for women workers during their periods, pregnancy and nursing, and give all workers regular cancer checkups.

Zhang says the workers have confidence in the trade union, and many tell the trade union about their concerns over the reform and even their personal problems.

As China's reform is still in progress, the old system still maintains some force, and the new system has its problems. Not all enterprises saw the reform through as smoothly as the Beijing Wool Mill, and factory directors often found themselves besieged with contradictions both inside and outside their enterprises. For instance, in some places although the director responsibility system was introduced, the upper-level authorities have not ensured that Party leadership and administrative management are properly demarcated. The power of the factory directors has been delayed or withheld.

Chen Jie, director of the Beijing Television Factory, complains, "Although we practise guidance planning we are required to hand over 60 percent of our products to the Beijing municipal government, and 15 percent to the electronic industrial bureau. We are not allowed to raise the prices of our TV sets, while we buy raw materials at negotiated prices which are much higher than state fixed prices."

Liu Chunqin, of the Industrial Economic Research Institute under the Chinese Academy of Social Sciences, says that in a recent poll, 75 percent of the factory directors said it was difficult to be a director today. There are many reasons. One is incompetence of directors themselves. Quite a number of old directors know little about modern management skills. Although many of the newly promoted directors have the knowledge, they lack the experience and organizational ability, and are not good at handling labour relations. They are anxious to push forward the reform, but their methods tend to be too simple.

The regulations of the new system stipulate that directors

should complete certain tasks during their terms of office (three to five years), and list corresponding rewards and penalties. Zhao Guozhen, director of the Beijing Dongdan Leather Shoe Factory, forces a smile and says, "It's by no means easy to enforce the rewards and punishments." Since his factory introduced the director responsibility system, the profits handed over to the state have greatly exceeded the state's target, and according to the contract Zhao should receive about 10,000 yuan as bonus every year. But he has not received the money. Even if he were offered the money, he says, he would not dare accept, because of the egalitarian mindset.

Liu Chunqin of the research institute says that after the introduction of the director responsibility system, the performance of an enterprise is seen as depending on its director. Factory directors bear very heavy responsibilities, but their incomes are quite moderate. The salary of directors of larger factories only averages 150 yuan a month, and their bonuses are the workers' average. Egalitarianism must be eliminated before the reward and punishment rules are to be enforced, he concludes. ■

Democracy Booms in Guangzhou

by Our Correspondent Yang Xiaobing

Guangzhou was one of the first cities to institute economic reforms and implement the open policy. In recent years the growing democratic awareness among the citizens and their efforts in urban construction have contributed to the promotion of economic growth in Guangzhou.

Yang Ziyuan, deputy mayor of Guangzhou, said: "Building a high level of democracy is compatible with the development of production."

Yang also said that democracy

is gradually coming to Guangzhou. For instance, in the past, democratic discussions in the people's congress would, more often than not, vanish with the conclusion of the people's congress. But now the Party and government leaders in Guangzhou are more conscious to draw on the initiative of the deputies to the people's congress, so as to make government departments' decisions suit the wishes of the citizens. The day before this correspondent met Yang, the leading members of

the municipal government held a meeting with deputies to the municipal people's congress to discuss how best to proceed in 1987. Six similar discussions were held last December and January.

Much has been done to facilitate the exchange of opinions between the citizens and leading members of the municipal government.

If I Were the Mayor

Qiu Jinhua, a cadre at the public relations section of the municipal

horticultural bureau, wrote an article in the context of a suggestion drive entitled "If I Were the Mayor." In it he said, as mayor, he would not allow gardens in Guangzhou to be occupied by work units. His article brought him the second prize in the competition, and there followed a meeting between the prize winning would-be mayors and the staff of the mayor's office in Guangzhou. There Qiu was able to put his grievances direct to the people in charge—who took notes.

The suggestion drives were held under the auspices of *Nanfeng-chuang*, a magazine in the city, and the Guangzhou Soft Science Development Company. In April 1985 *Nanfengchuang* proposed that suggestion drives be launched in the city. The slogan would be "Guangzhou's business is everybody's business." Ye Xuanping, then mayor of the city, gave his support to the proposition, saying that the municipal government should not only support but also co-operate with the sponsors. What is important now, he said, is to encourage people to put their minds to the city's problems, and it does not matter even when they complain.

Four such drives have been launched, and 8,000 letters with about 20,000 suggestions have been received. Cheng Dajun and his family were awarded first prize in the third suggestion drive. Cheng works at the Guangdong Geological Society. Cheng, his son and daughter-in-law went on holiday to Baiyunshan on the outskirts of Guangzhou last summer, and worked out a plan for developing scenic spots there. They made drawings and sent them to the Urban and Rural Construction Commission of Guangzhou. Their plan was praised by the commission, and some of their suggestions have been taken up by the municipal government.

The drives have attracted people from all trades and professions who are concerned with their city. Among the would-be mayors who were awarded prizes were Liang Peilin, a Jinan University student from Macao, and Zhu Jianyi, the youngest winner, 11 years old when he participated in the drive. His proposals concerning traffic safety for primary school pupils and the



YANG XIAOBING

Yang Ziyuan, deputy mayor, talking about democracy.

elimination of urban pollution impressed the mayor of Guangzhou.

Jiang Shuying, a sanitation worker, also got a prize. Before liberation Jiang joined a reactionary organization and was condemned as a counter-revolutionary in 1954. Her suggestions were for cleaning up Guangzhou. After the prize giving, she said: "I have heard that visitors to Guangzhou have all commented on how dirty Guangzhou is. I feel bad when I hear that. I feel I must put forward my suggestions?"

The municipal government has also set up a special telephone line to the mayor of Guangzhou, and five people answer it round-the-clock. They solicit opinions from the masses and pass them on to the mayor. In 1986 this line received 6,650 telephone calls, and most of the problems were dealt with promptly. Leading members of various districts and bureaus in Guangzhou have also set up their special telephone lines. Including supervision and complaints lines in the various departments of the municipal government, there are

now 100 such telephone lines, and they are forming a network.

'Public Servants and Citizens' Programme

"Public Servants and Citizens" is a special programme jointly run by the Guangzhou People's Broadcasting Station, the Guangzhou municipal Party committee and the municipal government. The programme is broadcast every Sunday and Monday. A leading member of the municipal Party committee or the municipal government makes a 10-minute address, or holds a dialogue with members of the public. He or she may also answer questions from the masses. Problems discussed range from electricity supply, the labour system, the traffic situation and the appearance of the city.

In the summer and autumn of 1986, Guangzhou had a serious shortage of electricity, which greatly inconvenienced the residents. There were frequent blackouts during the daytime, and household refrigerators and fans were unusable. The special telephone line to the mayor received 109 complaints one day. The municipal government, therefore, ordered a cut in the electricity used by industries and deputy mayor Yang Ziyuan twice appeared on the "Public Servants and Citizens" programme, analysed the reason and made an apology. He explained what remedial measures were being taken by the municipal government and discussed the prospects for the future electricity supply. After that complaints about the power supply dropped considerably.

In December 1986, Guangzhou launched a campaign to improve the appearance of the city. Some private traders and street stallholders worried that the policy of encouraging private businesses would be reversed. A deputy mayor of Guangzhou went on the

programme to reassure the private traders, saying that the campaign would not affect the economic position of the self-employed.

The owner of a private photo studio near the government building said: "I tune into the 'Public Servants and Citizens' programme every week, and we can see and hear from the city leaders and follow what they are doing."

In 1985, the municipal people's government began holding press briefings. These are usually presided over by the mayor or deputy mayor of the city, and members of the municipal government answer questions. The municipal government has also taken over a special column in *Guangzhou Daily* which reports on the special telephone line to the mayor.

Leading members of the municipal government have their special accesses for the grass-roots. They also make personal investigations of the local situation regularly.

Democratic Decisions

Yang Ziyuan said: "In our modernization drive decisions made by the leading members should be scientific, and democracy is a prerequisite for scientific decisions." Traffic jams in Guangzhou, Yang continued, are terrible. An underground railway is necessary, but that is simply too expensive. Then the suggestion was made for flyovers to be built. A total of 100 million yuan would be needed, a major investment for Guangzhou. The municipal government conducted an extensive enquiry, held various kinds of discussion meetings and solicited opinion from experts, the police, drivers, cyclists and local residents. The municipal government concluded that the advantages of building the flyovers would outweigh the disadvantages, and decided to go ahead.

"Think-tanks" are valued too. The Guangzhou Soft Science Development Company, together with a number of experts and scholars, conduct their strategic discussion meetings on economic and social development in Guangzhou once every two months. It also examines the tertiary industry in Guangzhou and the programme for giving priority to social order in Guangzhou. The discussions are regarded by the municipal Party committee as fully credible forums and the Guangzhou Soft Science Development Company was entrusted with the task of organizing one of its strategic discussion meetings on cultural development in Guangzhou. The documents which arose from the meetings, were sent to the municipal Party congress and the people's congress and became the guiding principles for the municipality's cultural development. The Guangzhou Soft Science Development Company has tackled 13 topics for the municipal Party committee and government.

Pan Qingzhu, head of the organizational department of the Guangzhou municipal Party committee, said: "In recent years the masses have been encouraged to give democratic appraisals of officials. I have appraised others and been appraised myself." The scope of these appraisals has gradually been expanding and improving.

Appraisals of Officials

The appraisal of government officials in 1986 lasted several months. It was carried out from the institutions of the municipal Party committee and the various bureaus under the municipal government to the districts and counties. A total of 27,000 cadres and workers from 138 units took part in the appraisal and 875 leading cadres were involved. After that 1,400 junior and senior

cadres also gave appraisals of 24 cadres of the municipal Party committee and the municipal government.

While an appraisal is being conducted, officials who are being appraised are not allowed to be present. Only the main points which arise may be noted and not the names of speakers. The appraisal record is then sent to the department concerned and the results shown to the appraised cadres. The appraisals of the leading cadres of the municipal Party committee and the municipal government is sent to the organizational department of the provincial Party committee.

After the appraisal of cadres, secret ballots are held to recommend the promotion and removal of cadres. One can tick "competent," "basically competent" and "incompetent" boxes for every cadre. During the 1986 poll, 97 percent of the cadres were voted "competent" or "basically competent" by over 50 percent of the voters. Seven of the 22 cadres who were voted incompetent by over 50 percent of the voters have been removed or demoted, including bureau heads and deputy heads of the municipal government. The municipal Party committee also stipulated last year that all those voted "incompetent" by the masses should not enter the reorganized leading bodies. If a person who has been recommended by a majority of people in his or her unit can not be appointed to a leading post there, then the higher authorities should publicly explain why.

Pan Qingzhu noted that there are drawbacks in this system. For instance, where officials were deemed incompetent, leading members in some units did not follow up and deal with them. But the appraisal of cadres is, in the final analysis, a good thing, says Pan. The cadres must accept supervision by the masses. With this system there will be a basis on

which to select cadres.

Last year the press in Guangzhou launched a competition to choose the "top ten public servants" and held a well-attended discussion meeting. The municipal

Party committee secretary, the mayor of Guangzhou and a deputy secretary-general of the municipal government were all selected, but not all the leading cadres got voted. Those elected

included Wei Yin, an evening newspaper columnist and critic of social problems, and Meng Weinuo, the principal of a privately run school for retarded children. ■

Indian Newspapers Spread Lies About Tibet

Tibet has always been part of China's territory and administered by the central government. The McMahon Line is illegal and should be considered null and void.

by Radlo Beijing Commentator

In India, some newspapers are urging the government of Rajiv Gandhi to use a new strategy in the border dispute with China. The papers are asking the government to insist that Tibet has been independent in the past and that therefore China should honour the so-called McMahon Agreement signed by local Tibetan officials in 1914. This runs counter to the aspirations of the Chinese and Indian peoples for a just and reasonable solution to the border issue.

The border between China and India has never been formally delineated. However, a traditional customary line was accepted for many years. No border disputes occurred until after Western colonialists came to the East. After the British took control of India in the 19th century, they directed their expansionist ambitions towards the southwest and northwest border regions of China. They attempted to separate Tibet from China. The Simla Conference held in 1914 represented an important step in realizing this plot. The conference itself did not discuss the border question. However, outside the conference, the British representative in India, Sir Henry McMahon, and a representative of the Tibetan regional authorities secretly exchanged letters, inventing the so-

called McMahon Line. Central authorities in Beijing were not informed about these activities. The McMahon Line placed 90,000 square kilometres of Chinese territory under the administration of British India.

Tibet has always been part of China's territory and administered by the central government. Local Tibetan officials had no right to sign territorial treaties with foreign countries. Therefore, the McMahon Line is illegal and should be considered null and void. China's central governments have never recognized this line.

The British colonialists were so embarrassed by their skulduggery that they did not make the McMahon Line public for a long time. It was only in 1936, 22 years after the Simla Conference, that the line appeared on a British map for the first time. And even then, it was as an undecided border.

Today, some Indian figures are playing the old tune that Tibet was formerly independent in an attempt to support the position that the McMahon Line is a legal border. These people are either ignorant or expansionist. Colonialists of the past failed to separate Tibet from China and not a single country has ever recognized Tibetan "independence."

The McMahon Line—a pro-

duct of the colonialist policy of aggression—is the chief source of the current border dispute between China and India. The governments of the two countries have held seven rounds of talks since 1981 to settle the issue. But no substantial progress has been made because the Indian side refuses to follow the principle of mutual understanding and mutual accommodation and insists that China make concessions unilaterally.

China takes a reasonable position on the Sino-Indian border issue. We believe it is necessary both to respect history and to consider the present circumstances and take into account the national feelings of both peoples. Disputes exist in the eastern, central and western sectors of the border, but the biggest dispute is in the eastern sector. China thinks that a just and reasonable solution can be reached through a deal covering all three sectors and through mutual understanding and mutual accommodation. Such a solution conforms with the interests of both peoples and is winning approval from more and more Indian people. It is our hope that substantial progress will soon be made. ■

Finance Ministry's Measures

For the Implementation of Preferential Tax Terms

January 30, 1987

These measures are hereby formulated for the purpose of implementing the relevant articles concerning preferential tax treatment in the Provisions of the State Council of the People's Republic of China for the Encouragement of Foreign Investment (hereafter called the Provisions).

I. Article 7 of the Provisions states "when foreign investors in export enterprises and technologically advanced enterprises remit abroad profits gained from such enterprises, the amount remitted shall be exempt from income tax." Thus the 10 percent income tax shall not be levied when the foreign investors remit abroad the said profits in 1986 and subsequent years so long as these are joint ventures confirmed as export enterprises and/or technologically advanced enterprises. Income tax levied on the profits remitted abroad by foreign investors before the date of the promulgation of the Provisions shall be refunded, provided the remitted amount is advance payment of profit for 1986. The levy of income tax on remitted profits before 1986 is subject to the stipulations of the existing tax laws and regulations.

II. Article 8 of the Provisions says "after the expiration of the period for the reduction or exemption of enterprise income tax in accordance with the state provisions, export enterprises whose export products' value amounts to 70 percent or more of the value of their products for that year, may pay enterprise income tax at one half the rate of the present tax." This applies to export enterprises with or without a period for reduction or exemption of enterprises income tax under the provisions of existing tax laws and relevant regulations.

1. Export enterprises whose export products' value in that year exceeds 70 percent (including 70 percent) of the value of the total products for that year shall present relevant certificates issued by competent authorities and have them examined and confirmed by the local tax authorities before they may pay enterprise income tax at one half the rate of the present tax for that year.

2. For those enterprises which have paid enterprise income tax provisionally on a quarterly basis in 1986 and which are confirmed as export enterprises for that year, that part of the provisional payments in excess of the amount as computed in the final settlement shall be refunded by the tax authorities or deficiencies be made good by the taxpayer.

3. Where by one half reduction of the present

tax, the rate at which an export enterprise pays income tax is lower than 10 percent, the said export enterprise shall pay the enterprise income tax at the rate of 10 percent.

III. Article 9 of the Provisions states "technologically advanced enterprises may extend for three years the payment of enterprise income tax at a rate reduced by one half after the expiration of the period of reduction or exemption of enterprise income tax in accordance with the state provisions." This applies to technologically advanced enterprises with or without a period for reduction or exemption of enterprise income tax under the existing tax laws and relevant regulations.

1. The above-mentioned technologically advanced enterprises, whose period for reduction or exemption of enterprise income tax has not yet expired under the existing tax laws and relevant regulations, may pay enterprise income tax at a rate reduced by one half for three years starting from the first year following the expiration of the period. The enterprises may pay enterprise income tax at the reduced rate from the year when they are confirmed as technologically advanced enterprises, where they have run out of their period for reduction or exemption of enterprise income tax, or do not have a period for reduction or exemption of enterprise income tax under the existing tax laws and relevant regulations. Enterprises established after 1986 which do not have a period for reduction or exemption of enterprise income tax under the existing tax laws and relevant regulations, may pay enterprise income tax at the reduced rate for three years starting from the first year when they show profits.

2. That part of the provisional payments made in quarterly instalments by the above-mentioned technologically advanced enterprises in 1986 in excess of the amount as computed in the final settlement of the year shall be refunded by the tax authorities and deficiencies made good by the taxpayer.

3. If by halving the tax rate the above-mentioned technologically advanced enterprises pay income tax at less than 10 percent, the enterprises shall pay enterprise income tax at the rate of 10 percent.

IV. Article 10 of the Provisions says "foreign investors who reinvest the profits gained from their enterprises in order to establish or expand export enterprises or technologically advanced enterprises

for a period of operation of not less than five years, shall be refunded the total amount of enterprise income tax already paid on the reinvested portion after application and approval by the tax authorities." Foreign investors are eligible for tax refund when they reinvest in China the profits made by their enterprises in 1986 and subsequent years to establish or expand export enterprises or technologically advanced enterprises. The provisions of the existing tax laws and regulations shall apply when the foreign investors reinvest the profits made before 1986.

V. Where an enterprise is confirmed by competent authorities as both a technologically advanced enterprise and an export enterprise in the same year, the enterprise may choose to enjoy the preferential treatment stipulated either in Article 8

or Article 9 of the Provisions but it cannot enjoy the preferential treatment provided in both articles. The technologically advanced enterprise may enjoy preferential treatment of Article 8 of the Provisions after the expiration of the three-year period for reduction of enterprise income tax as stipulated in the Provisions, provided that the enterprise meets the requirements of the article.

VI. The preferential treatments stipulated in the Provisions do not apply to taxes payable by Chinese-foreign co-operation enterprises engaged in the exploration and development of such resources as petroleum and precious metals.

VII. Government departments at all levels throughout the country shall carry out the preferential tax policy stipulated in the Provisions in accordance with these measures. ■

Interim Provisions of the State Administration for Industry And Commerce on Proportion of a Sino-Foreign Joint Venture's Registered Capital and Total Investment

March 1, 1987

Article 1 These provisions are hereby formulated in accordance with the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, and the Regulations for the Implementation of the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, in order to determine the relative proportions of registered capital to total investment of Sino-foreign joint ventures.

Article 2 The registered capital of a Sino-foreign joint venture should be commensurate with the scale and scope of the venture's production and operation. The parties to the joint venture shall share profits, risks and losses in proportion to the registered capital.

Article 3 In determining the proportion of registered capital to total investment of a Sino-foreign joint venture, the following provisions should be abided by:

(1) When a Sino-foreign joint venture's total investment is up to and including US\$3 million, its registered capital should account for at least 7/10 of the total investment.

(2) When a Sino-foreign joint venture's total investment is in excess of US\$3 million, up to and including US\$10 million, its registered capital should account for at least half of the total investment. If the total investment is below US\$4.2 million, the registered capital must not be less than US\$2.1 million.

(3) When a Sino-foreign joint venture's total investment is in excess of US\$10 million, up to and

including US\$30 million, its registered capital should account for at least 2/5 of the total investment; if the total investment is below US\$ 12.5 million, the registered capital must not be lower than US\$5 million.

(4) When a Sino-foreign joint venture's total investment stands at above US\$30 million its registered capital shall account for at least 1/3 of the total investment; when the total investment is less than US\$36 million, its registered capital must not be less than US\$12 million.

Article 4 If a Sino-foreign joint venture should encounter special circumstances and is unable to meet the above provisions, approval can be given jointly by the Ministry of Foreign Economic Relations and Trade and the State Administration for Industry and Commerce.

Article 5 If a Sino-foreign joint venture increases its investment, the relative amounts of additional registered capital and the increased investment shall be determined in accordance with these provisions.

Article 6 The proportions of registered capital to total investment of a Sino-foreign joint co-operative enterprise, or of a foreign enterprise, shall be determined in reference to these provisions.

Article 7 These provisions are applicable to companies, enterprises, other economic organizations or individually invested enterprises of Hong Kong, Macao and Taiwan.

Article 8 These provisions go into effect from the date of their publication.

Developing Trends in Chinese Ethics

"LILUN XINXI BAO"

(Theoretical Information)

Xu Qixian, an associate professor of ethics at the China People's University, described the trends in China's study of ethics in a recent article.

1. Theoretical research into ethics will be closely integrated with current and future realities.

China's current reforms, which are bound to affect all corners of society, have brought about great economic advances and led to major changes in people's moral concepts and life style. Many new questions have arisen in the relations between ethics and the reforms, the economy, competition, money, management, power, culture, science and technology, ect. Researchers must investigate human relationships that have changed and are still changing. They must study new types of people, new ways of thought, new morals, socialist and communist morality, professional ethics, the root causes of unhealthy tendencies and ways to correct them, and other moral questions that arise in public life. Such studies should direct at providing a solid theoretical basis for socialist and communist moral education and the development of a socialist ethical system. Researchers must leave their ivory towers and gear their studies to the world as it is now and to the future.

2. Studies will be both micro-cosmic and macroscopic. The term "microcosmic" refers to studies which probe basic questions of ethical philosophy such as the moral sense, the moral psychology, the structure of moral actions and the function of moral regulation. Macroscopic studies look at morals in the context of the whole culture of society through-

out history. These studies investigate the nature and role of morals in a society's history, philosophy, art, religion, etc. Chinese researchers must study the history of ethical thinking in China, the East in general and the West.

3. Some studies will focus on particular topics and others will be comprehensive. In order to meet the needs of social development, various branches of applied ethics are needed in specialized fields. The ethics of medicine, sports, management, education, the military, the stage, commerce, economics, the family and ecology, for example, must be looked at separately. Different methods are required in each branch of study depending on the nature of the topic. In addition, the specialized studies must be used as the basis for comprehensive

research that will enrich socialist ethics.

4. Ethics will be studied in conjunction with new and related disciplines. Ethics cannot be separated from philosophy, economics, study of education, psychology, physiology, aesthetics, folklore, social customs and religion. They permeate each other and develop together. In a way, ethics belongs to the frontier science. New and related disciplines have influenced and broadened the vision of people studying ethics. These disciplines have spurred the study of ethics, while at the same time, the study of ethics has propelled other disciplines forward.

5. New methods of study will be used. While historical materialism will continue to form the basis for the study of ethics, new methods of study will be found useful. These include cybernetics and sociological methods.

(May 25, 1987)

China's Institutions of Higher Learning

"BAN YUE TAN"

(Fortnightly Forum)

By the end of 1986, China had 1,054 universities and colleges, offering 824 specialities including liberal arts, history, philosophy, science, engineering, agriculture, medicine, forestry, teacher-training, finance and economics, politics, law, sports, and foreign languages. The institutions of higher learning consist of 592 universities, 336 colleges for professional training, and 126 vocational colleges. In addition, there are a number of military academies, institutions for adults and religious seminaries.

The higher-learning institutions include:

- Liberal arts and science universities. The universities of arts prepare people of ability for

concrete tasks and train teachers and social science researchers for the institutions of higher learning. The universities of science mainly train teachers and scientists.

- Universities of engineering. China has 271 universities training engineers and technicians.

- Teacher training universities. There are 257 institutions mainly training teachers for secondary schools.

- Institutes of foreign languages. A total of 43 languages are offered mainly to prospective translators and teachers.

- Arts and physical education institutes. Since the founding of New China in 1949, arts and physical education institutes have developed rapidly. By the end of 1986, there were 29 arts institutes training people in the fields of music, drama, fine arts, dance and

film. The 16 physical education institutes train teachers in sports, coaches, researchers and sports officials. The physical education departments of the teachers training universities mainly prepare people to teach sports in secondary schools.

■ Nationalities institutes. There are 10 such institutes, the largest being the Central Institute for Nationalities in Beijing. They mainly train various kinds of people for construction in areas

inhabited by minority ethnic groups.

■ Military academies. Some 100 academies train commanding officers and professional technicians for the People's Liberation Army.

■ Universities for adults. An important part of China's higher education, there are 142 such universities, which train professional technicians for the country.

(No. 8, 1987)

Men in Their 60s Prone to Diseases

"ZHONGGUO SHIPIN BAO"

(News of Chinese Foodstuffs)

Since the early 1950s, the Beijing Medical Research Institute for the Aged has been monitoring the physical condition of 200 men. To date, all of the men are alive and in good health. Their average age is 74.

As a result of regular physical examinations, the researchers found that the subjects were most likely to contract certain frequently occurring diseases when they were 60-69 years old. The diseases include hypertension, gastric and duodenal ulcers, haemorrhoids, chronic tracheitis, diabetes, cataracts, coronary heart disease, prostatitis and tumours. The occurrence of such diseases mainly relates to physiological changes, particularly in the endocrine system. These physiological changes can easily cause disease.

(April 10, 1987)

Chinese-Foreigner: Intermarriage

"ZHONGGUO FAZHI BAO"

(China Legal News)

Since the establishment of the Shenzhen Special Economic Zone, the number of marriages between Chinese and foreigners in the zone has gone up from 279 in 1979 to 894 by the end of 1986. The intermarriages involve people from 13 countries and regions, including the United States, Canada and Japan.

Statistics provided by the Shenzhen Registrar of Intermarriage With Foreigners indicate that the composition of such marriages has begun to change. Formerly, nearly all the husbands came from abroad. In 1979, only one foreign woman was married to a Chinese man. But by the end of 1986, 33 foreign women had married Chinese men. The second change is narrowing the age disparity between husband and wife. For instance, marriages in which the husband was more than 10 years older than the wife made up 72.7 percent of the total in 1979, but only 27.1 percent in 1985. Third, the educational standards of husband and wife are now roughly the same. The figures show that about 87 percent of the people from abroad who have secondary school or higher education have married Chinese people with similar education. Previously, however, foreign men

with little or no education were often found to be married to Shenzhen women who had completed senior middle school. Finally, more foreigners are marrying people who are employed. In the past foreign men tended to marry Shenzhen rural women. But in 70 percent of the 894 intermarriages, both spouses were employed.

The intermarriages in Shenzhen generally seem stable and the rate of divorce is low. Only nine couples were divorced in 1985.

(May 11, 1987)

Form left to right:

1. Girl dressed with money from her parents' old-age pension. 2. A scientist ponders what to take home to eat after work. 3. When he was a worker, he liked to quarrel with the boss. Now he's a boss, he quarrels with the workers.

Cartoon by ZHAN TONG



Chrysler, Changchun Make A Deal

After three years of studying various options in Europe, Japan and America, the China Changchun No.1 Automobile Works has chosen to import the four-cylinder engine of the US Chrysler Motors Corp. An agreement for transferring the technology was signed in Beijing this month.

It is one of the most important pieces of vehicle technology transfers from the United States since China opened up in 1979. Under the agreement Chrysler will provide Changchun with the 1981 engine and its manufacturing technology.

The US company will also sell its 1.8-litre engine technology which has been developed so recently it has as yet not been put into operation. Changchun has already bought 217 key pieces of equipment from the US company.

Right from the start, the annual output is expected to be 150,000 vehicles and the move up to 300,000.

The variety and number of vehicles and parts produced will fulfil the requirements for light trucks and cars which the Changchun Works has set itself. Changchun is one of the biggest vehicle manufacturers in China, it produces about 100,000 automobiles annually including 5-ton truck with six-cylinder engines, cars and minibuses.

After importing the Chrysler technology, the Changchun Works plans to produce light trucks of 1-2 tons capacity, minibuses and touring buses, all with the Chrysler cylinder engines. Meanwhile it also plans to sell the engines to its various Chinese subsidiary factories.

by Yao Jianguo

Metal Exports Being Expanded

In the first six months, the China Nonferrous Metals Import and Export Corp. signed export agreements worth US\$280 million, an increase of 49.9 percent over the same period last year; in that time US\$170 million were actually earned, twice as much as in the same period last year.

Holding nonferrous metals fairs is the corporation's major means of expanding its exports. For instance, export agreements worth US\$130 million were signed at the Guangzhou Spring Commodities Fair and the symposium on nonferrous metals in Hong Kong last March. At the symposium on nonferrous metals in New York last June and July, the value of trade agreements signed by the Chinese corporation surpassed US\$100 million; exports were worth US\$60 million, imports

US\$50 million. Over 300 companies from 27 countries held discussions with the corporation at the symposium, half of them for the first time. Zheng Rugui, general manager of the corporation, believes that the symposium helped significantly to open up the American market for Chinese nonferrous metals.

According to Zheng, the corporation will hold a symposium on nonferrous metals in Melbourne, Australia in November this year, and participate in the trade exhibition to be held by the China Council for the Promotion of International Trade in Osaka, Japan in August. Zheng is confident of his corporation's exports for the rest of this year.

by Han Baocheng

International Rice Research Exchange

The Chinese Academy of Agricultural Sciences signed a

one-year scientific and technological co-operation agreement with the International Rice Research Institute (IRRI) in the Philippines last month in Beijing. This is the eighth such agreement since 1979.

Lu Liangshu, head of the academy, told reporters that there have been all kinds of agricultural science co-operations between China and the IRRI.

— The institute has trained over 200 Chinese scientists and technicians gratis.

— Through participating in the institute's rice experiment programme, China has been able to choose many new rice strains including alkali-, cold- and drought-resistant strains as well as those more resistant to disease and pests.

— Using the imported rice strains, China has bred some new varieties of rice and popularized them in many places. All the famous Chinese hybrid rice strains were bred by using plants introduced from the institute. Recently China has also bred some early-maturing varieties, which again come from strains imported from the institute.

— Through collecting, exchanging and storing, analysing and choosing these improved strains, China has learnt a great deal about advanced research and testing technologies.

Lu confirmed that the international institute is one of the most prestigious in the world. Since its establishment in 1960, the institute has bred many good varieties of rice, made great contributions to the popularization of new technology, and crop management systems. It has trained many agronomists and been active in international exchanges. The institute won an international prize in 1982. Its director Dr M.S. Swaminathan, an Indian agronomist, recently won the First Annual General Foods World Food Prize.

This latest agreement will enable the Chinese and other

agronomists to proceed to new achievements.

by Yao Jianguo

Shenzhen Enjoys Investment Boom

Unused factory buildings in the Shenzhen Special Economic Zone have recently been much in demand by foreign businesses. Many factories under construction have been reserved by foreign businesses. Shenzhen industry is coming under a new high tide of foreign investment.

Foreign investment in Shenzhen industry has increased rapidly this year. In the first half of the year, 92 foreign-funded industrial projects were established here, up 46 percent over the same period last year. The investment involved in foreign contracts totalled HK\$320 million, an increase of 16.2 percent over the same period last year. Of the newly signed agreements for direct investment by foreign businesses, industrial projects accounted for over 90 percent.

In addition, big financial organizations and transnational consortia have been showing an interest in Shenzhen and expected to sign large investment agreements soon. An Arab business group has decided to invest US\$320 million in Dapeng Peninsula in Shenzhen to build an oil refinery with an annual capacity of 3 million tons. The Hitachi Corp. of Japan plans to set up a colour television tube factory in Shenzhen involving an investment of US\$120 million. The K.T. International Corp. registered in Britain recently agreed to invest US\$1.5 billion-US\$2 billion in building a large petrochemical factory in Shenzhen.

Shenzhen is China's first SEZ, and by June this year, 322 foreign-funded industrial enterprises had been established there. The proportion of foreign money going into Shenzhen's industry was 76.8 percent last year, a huge increase over the 8.5 percent three

years ago. The output value of foreign-funded enterprises now accounts for over 60 percent of the city's total industrial output.

In the first half of this year, exports made by foreign-funded businesses in Shenzhen were 93 percent more than in the same period last year. Most of the enterprises were doing well and making profits. Some have increased their investment and workforce.

The Shenzhen Special Economic Zone has been improving its investment environment to attract more foreign funds. The first 350,000 kw generator at the Shajiao Power Plant has started generating electricity. A group of 34 enterprises has been recognized as technologically advanced and export-oriented enterprises, and will be given preferential treatment in taxation and other fields. ■

Guangzhou Extends Co-operation

Guangdong Province near Hong Kong and Macao is making major efforts to expand its foreign economic and technological co-operation. The province plans to sign co-operation contracts worth US\$23 million this year. Between January and May, 14 contracts worth US\$14.11 million were concluded. Meanwhile Guangdong will also undertake to participate in 19 aid projects in 14 countries and 24 other multilateral and bilateral aid projects sponsored by the United Nations and certain other countries.

Guangdong was one of the first provinces to set up foreign economic and technological co-operation. By the end of last year, it had signed 192 contracts with 23 countries and regions in Asia, Europe, Africa and Latin America as well as Hong Kong and Macao. The total value of the contracts is US\$169.6 million. The province had also completed 120 aid projects in over 30 countries and regions.

Establishing joint ventures abroad is a new field for Guangdong. Last year the province held talks on 23 projects with foreign businesses from 14 places abroad and signed nine letters of intent for projects abroad in the fields of forestry, agriculture, medical service, engineering consultancy, ceramics production, light industry and Chinese restaurants. By now seven joint ventures have been established in Hong Kong, Macao, Malta, Surinam and Sri Lanka.

by Li Wanming

Trade News in Brief

■ By the end of June, China had exported about 6 million tons of coal, 24 percent more than the same period last year. The coal is exported to over 20 countries and regions, including Japan, the Philippines, Belgium, France, Denmark, Argentina, Indonesia and Hong Kong.

■ The first Chinese garden in Africa has just been completed in N'sele, 60 kilometres from Kinshasa, the capital of Zaire. The garden, which was built by the China National Complete Plants Export Corp., covers an area of 14,000 square metres. It has an artificial lake, rockeries, pavilions, artificial waterfalls, restaurants with ancient Chinese furniture and lamps, ect., and bars and a dance hall.

■ The 302-km Guangzhou-Shenzhen-Zhuhai expressway will begin to be jointly built by China and Hong Kong in October.

The total investment is 3.7 billion yuan (about US\$1 billion). The first phase of the project— from Shenzhen to Guangzhou— is expected to open to traffic by 1990. The term of the co-operation is 30 years. ■



Enchanting Scenery Around Yichang

Yichang city in Hubei Province is situated at the mouth of Xiling Gorge, one of the Three Gorges on the Changjiang (Yangtze) River. Boating from here upstream takes one through all three gorges.

The Three Gorges are called Xiling, Wuxia and Qutang Gorges and they stretch 204 kilometres. The river courses round the mountains and the waters are turbulent. Sheer cliffs and steep mountains rise on either sides, creating fantastic sights. There are many scenic spots and places of historical interest along the way.

Gezhouba Hydropower Project. It consists of a huge dam, a power plant, ship locks and a sand scouring gate. One of the ship locks is big enough for 10,000-ton class ships.

The Chinese Sturgeon Research Institute. Chinese sturgeon is a living fossil going back over 140 million years. After the river was dammed at Gezhouba, the institute succeeded in artificial breeding of this endangered species and has so far put 467,000 young sturgeons back in the river.

The "Small Three Gorges" on the Ninghe River. These span 50 kilometres along a tributary of the Changjiang River at the western entrance to Wuxia Gorge. The water is clear and fast-flowing. Trees growing on both banks make for a sense of beauty and stillness. Here, the visitors can see ancient coffins 500 metres up on the precipices as well as the remains of a famous ancient plank road along the cliff face.

Baidi City. At the entrance of Qutang Gorge on the north bank of the river, its beautiful traditional houses are set among dense green trees. From the seventh to the 13th centuries, many famous Tang and Song

dynasty poets came and wrote quite a few oft-quoted pieces. The Tang Dynasty poet Li Bai's "Leaving Baidi City at Dawn" is famous because it has been included in primary school textbooks. The legend goes that during the Three Kingdoms (220-280), the emperor Liu Bei of the State of Shu was defeated in a battle. Before his death, he entrusted his son Liu Chan to the guardianship of Prime Minister Zhuge Liang. The pictures in the Ming Liang Hall, one of the traditional Chinese buildings in the city of Baidi, depict this story. More than 1,000 items from the various dynasties are on display at the four exhibition rooms to the side of the hall, including artifacts over 2,000 years old and calligraphy on stone from the 14th century.

Qu Yuan and Wang Zhaojun's Hometown. Yichang is an ancient centre of culture with 2,500 years of history. Sixty kilometres to the west of the city is the birth place of the ancient patriotic poet Qu Yuan, and the famous Wang Zhaojun, who was married to a minority chieftain in northern China by the Han imperial court as a token of goodwill. The Qu Yuan temple and his tomb, and Wang's house as well as their memorial halls were built by the local people in their memory.

The Dangyang Battlefield. 74 kilometres to the northeast of Yichang. Here Liu Bei and Cao Cao troops confronted and fought. There are 37 stories in the novel *The Three Kingdoms* that took place here. Many places such as Changbanpo Slope, Balingqiao Bridge and Guanling Temple which are mentioned in the novel still exist here. Yuquan Temple is a Buddhist temple over 1,700 years

old. In this temple, there is a 900-kilogramme iron pickaxe made in 615. The stupa of Tathagata, built in 1061, is a 22 metres high 13-storey iron pagoda weighing 53,300 kg. It is an exquisite example of ancient Chinese architecture and technology.

New Routes to Jiuzhaigou

Located in the Aba (Ngawa) Tibet Autonomous Prefecture in Sichuan Province, Jiuzhaigou, a natural reserve under state protection, is famous as "the world of fairy tales." Recently three new tourist routes were opened from Chengdu to Jiuzhaigou. The first is by bus through Hongyuan County, where Qiang minority people live. On the way one can see old stone Tibetan buildings like blockhouses, and grasslands scenery. The second route is by bus through Jiangyou and Pingwu counties. Travellers can visit the Baoen Temple and Tang Dynasty poet Li Bai's former residence as well as the Yunyan Temple. The last route is by train through Zhaohua or Guangyuan, then by bus to Jiuzhaigou.

Tailpieces

■ Chinese lunar year 1988 will be the year of the "dragon." The Beijing Tourist Bureau has designated the year as "Beijing International Tourist Year." There will be a national tourist programme of dragons emphasizing the dragon lanterns on January 15, on May 15, the dragon boat festival and the lantern fair on July 7.

■ Recently hotels in Beijing held an English competition for the staff. Competitors were all young employees. This is one of the measures taken to improve service.

Business and Trade

September 1-5. Guangzhou. International Environmental Testing and Measuring Equipment Exhibition. Sponsored by the China Electronic Products and Environmental Technology Committee and the Chinese Society of Electronics. Participants coming from the United States, Japan, Britain, France and Hong Kong.

September 3-9. Guilin, Guangxi. Foreign Restaurant, Catering and Food Processing Equipment Exhibition. Sponsored by the Guangxi Foreign Exhibition Company and the Hong Kong Exhibition Co. Participants coming from Japan, the United States, Western Europe and Hong Kong.

September 5-10. Nanjing. Nanjing International Scientific Instruments and Technology Exhibition. Sponsored by the Jiangsu International Exhibition Company. Participants coming from the Federal Republic of Germany, Italy, the United States, Japan and Hong Kong.

September 5-11. Beijing. US Nuclear Technology Exhibition. Sponsored by the US Nuclear Society. Participants coming from the United States, Canada, Japan, the Soviet Union and Denmark.

September 8-17. China International Exhibition Centre in Beijing. International Office Automation and Commercial Telecommunications Equipment Exhibition. Sponsored by the China International Exhibition Centre. Participants coming from Japan, Australia, Hong Kong and some European and North American countries.

September 10-15. Guangzhou. International Carpentry Tools and Furniture Exhibition. Sponsored by the Guangdong International Trade & Exhibition Corporation.

September 12-19. China International Exhibition Centre in Beijing. Second International Medical Instruments and Equipment Exhibition.

September 19-25. China International Exhibition Centre in Beijing. International Manufacturing, Processing, and Technical and Economic Co-operation Exhibition. Sponsored by the China Exhibition Management Company of the United States. Participants coming from the United States, Canada, Brazil, France, Italy, Switzerland, Japan and Hong Kong.

September 20-26. Nanjing, Jiangsu Province. International Micro-electronics and Motors Technology and Equipment Exhibition. Sponsored by the Jiangsu International Exhibition Company. Participants coming from the United States, Britain, France, the Federal Republic of Germany, Japan and Hong Kong.

Science and Technology

September 21-24. Changsha, Hunan Province. International Symposium on Metallurgical Engineering. Sponsored by the China Zhongnan University of Science and Technology.

October 3. China International Conference Centre for Science and Technology in Beijing. Fourth Asian and Pacific Regional Conference of the International Astronomical Union. Sponsored by the Asian and Pacific Regional Astronomical Union affiliated to the International Astronomical Union. Attended by 240 Chinese and foreign scholars and experts.

Mid-October. Tianjin. Symposium on Brain and Respiratory Physiology. Sponsored by the US Medical Society and the Sociology Department of New York University.

October 13. Beijing. International Symposium on Urban Ecology. Sponsored by the China State Committee of the Man and Biosphere Programme of the UN Educational, Scientific and Cultural Organization.

October 15. Shanghai. International Symposium on Rural Development Strategy. Sponsored by the Society of International

Agricultural Economy and the China Society of Agriculture.

October 19. Beijing. Symposium on Chemical Reaction Engineering in China, Japan and the United States. Sponsored by the China Chemical Society and the China International Conference Centre.

Cultural Exchanges

September 1-4. Beijing. *Onono Komachi*, modern Japanese drama to be jointly staged by Japanese and Chinese artists. Sponsored by the China International Cultural Exchange Centre, Literature and Art Department, and the Japanese Association of Social Culture.

September 5-25. Beijing. First Chinese Arts Festival. Sponsored by the Ministry of Culture and the Beijing municipal people's government.

September 5-25. Beijing. Concert by Philip Wu, a Taiwanese singer of US nationality, and Zhu Zongmao, a Chinese musician residing in the United States.

September 17-19. China Art Gallery in Beijing. Exhibition of Paintings by Shiu Wai-Lan, a Canadian overseas Chinese, and her son Chen Ping-chung.

Sports

October 6-13. Zhaoqing, Guangdong Province. Asian Canoe Tournament.

October. Yantai, Shandong Province. International Motorcycle Invitational Tournament.

October. Beijing. Beijing International Marathon.

October 13-18. Shanghai. World Racing Boat Tournament.

CORRECTION: In our issue No. 29, line 33 on p. 20, central column, should read "in 1945. We admit to its. . . ."

The Kokario Case

A Japanese court in Osaka ruled that the student dormitory, which is China's property, is owned by Taiwan. Towards the Kokario case there were many illjudged and misleading opinions which appeared in the Japanese press.

Headlines such as "Communist country's old tricks for threatening another country," and "Why do China and Japan's views differ?" obfuscated the real issues.

The Chinese government repeatedly demanded that the Kokario case be reviewed, but the Japanese government, on the pretext of the so-called "division of powers between the three branches" of the legislature, the executive and the judiciary, rejected this.

With this in mind I think people should consider the following:

1. The Osaka court's decision in favour of the Taiwan authorities' ownership of the student dormitory is a violation of the Sino-Japanese joint statement which states, "The government of the People's Republic of China is the sole legal government of China;" "Taiwan is an inalienable part of the territory of the People's Republic of China." This decision recognizes "two Chinas."

2. As stipulated in the Japanese Meiji Law, the powers of the executive are greater than the judiciary's. After World War II, the MacArthur Constitution divided the powers of the three branches, and forced the new law on Japan. But when major criminals fled Japan, measures which go beyond the law can be adopted. Because of these changes, China feels it hard to understand why Japan can not handle the Kokario case properly and in the right way.

3. The most important power of the Japanese Diet is to make laws. As the superior organ of power in Japan, it should have the responsibility to supervise and guide Japanese government and

political affairs. The constitution allows the Diet to handle relevant domestic affairs. If government officials really wish to see government policies endorsed by the Diet, then problems can be solved quickly.

Therefore, we should put Sino-Japanese friendship first and uphold the principles of the Sino-Japanese Joint Statement to solve the Kokario case properly.

Shushin Murakami
Yamato, Japan

Comments & Suggestions

The most important sections of your magazine for me are the "Events and Trends" and "International" columns. Articles in these sections relating to China should be separated from the "International." I gain an understanding of China's policies from these articles, which I could not get otherwise. The new column "Weekly Chronicle" is a useful addition.

"From the Chinese Press" column nicely supplements your own reports. If you give a simple explanation about the papers you quote, note their locality and the target readership, it would help readers gain more from the articles.

I am also interested in the "Culture and Science" column. Though I always hope for more from it than I get. I know *Beijing Review* is a weekly dealing with current events and only has limited space, I still look forward to reading this column every time.

The "Books" column gives me the kind of information I feel I could not get elsewhere.

The "Tourism" column is of great value to me, its reports on tourism are interesting and I hope you will keep this column.

Beijing Review's reports on China are the basic reason why I subscribe. Because it publishes real news from China. I have often talked with people who have travelled to China, especially those who have worked in China

as experts and they confirm this.

The layout suits the contents which has improved.

I would like to read more articles about China's minorities, not only from the cultural point of view but also from a political angle which would suit your magazine. Consider starting a "National Minorities" column.

Hans Wagner,
FRG

US-Japan Trade Friction

I read with interest your recent article, "US-Japan Trade Friction: Review and Preview," by Chen Baoshen in issue No. 19. On the whole it is a balanced and informative account of economic rivalry between Washington and Tokyo. However, I feel that the author left out two important reasons for Japan's present economic superiority over the US.

First and foremost, the US government—especially since Reagan took office in 1980—has spent an enormous proportion of its resources on war preparations. One recent study put the US military spending—direct and indirect—to be 40 percent of the annual federal budget. With such a wasteful stockpiling of weapons, is it any wonder that the American economy's ability to compete with Japan is seriously handicapped?

Secondly, in the past two decades the American economy has been rapidly changing from an essentially "production economy" into one of "speculation," based increasingly on debt financing. Instead of the traditional reliance on re-investment of hard-earned profits from manufacturing industries, more and more American businesses are using borrowed funds to buy out other firms or to speculate on a variety of "get-rich-quick" schemes. Result? Less investment in the productive sectors, more corporate and individual debt, both leading to a stagnant economy.

Daniel Li
Honolulu, Hawaii



Fishpond.



Picking Mulberry Leaves.

ART PAGE

Papercuts by Chen Chunyan

Chen Chunyan, born in Nanjing City in 1945, now works at the Jinhua County Cultural Centre in Jiangsu Province.

Combining traditional skills with her style of drawing she creates bold and vigorous modern-looking papercuts.



The Boating Folk Dance.



Local Opera Figure.

Toilet articles & detergents



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