

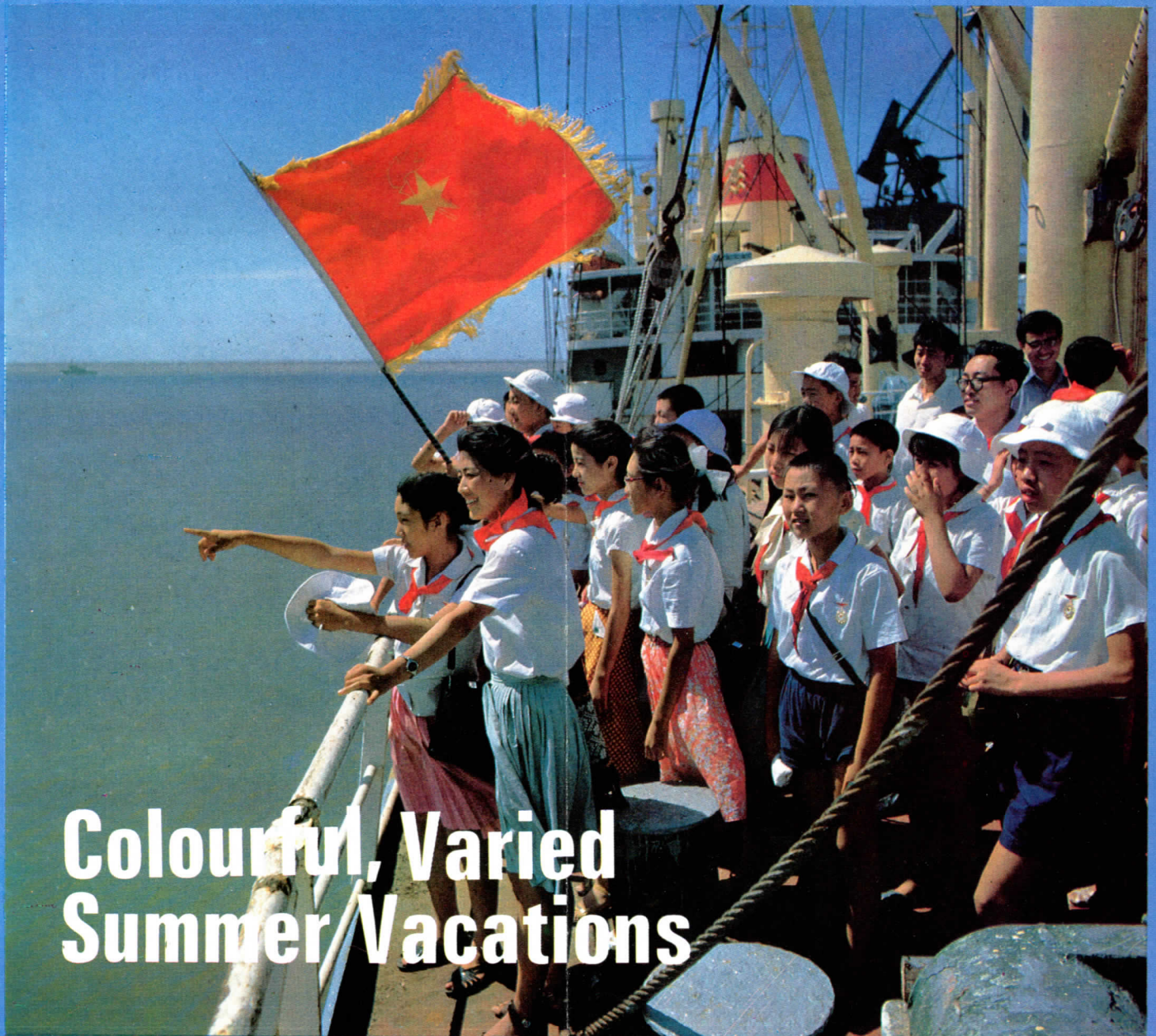
A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

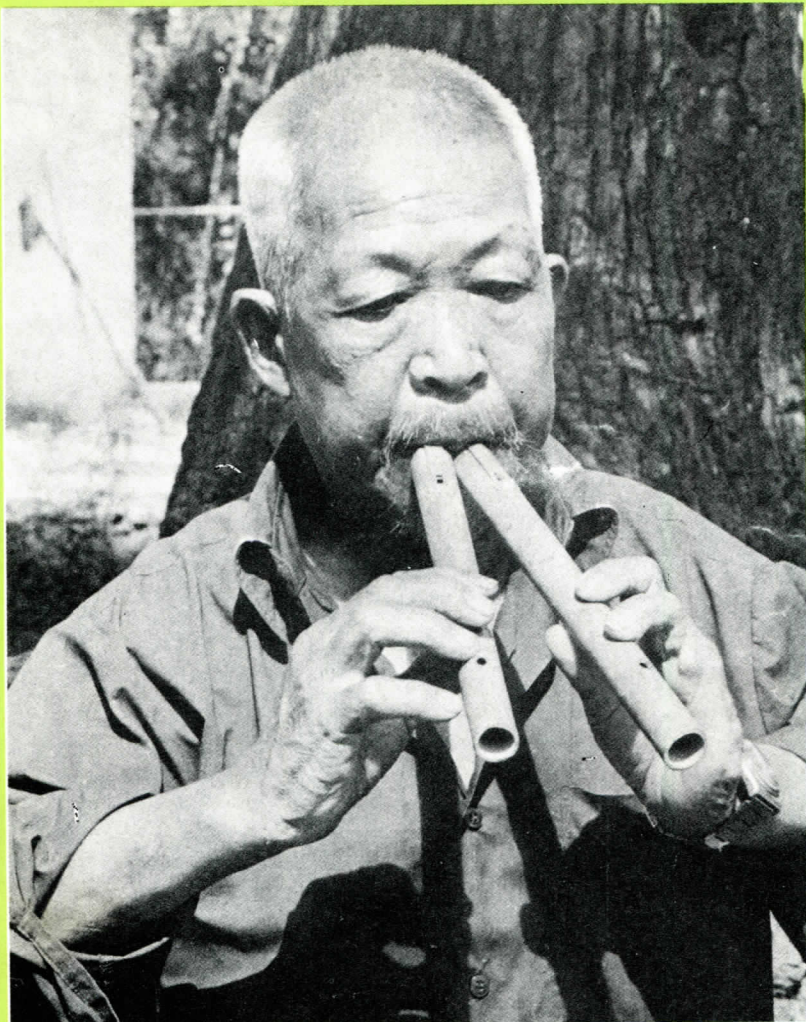
北京周報

Vol. 30, No. 36 September 7, 1987

China's Art Festival



**Colourful, Varied
Summer Vacations**



Meng Zhonglie, 76, a Bouyei in Guizhou Province, made his companion flute himself. The flute plays exquisite two part music.

Hou Shaohua

Liu Chunmei, a six-year-old girl in the Huaibei Prefecture of Anhui Province, can play the Suona horn well after a year's tuition under her teacher Sui Lankui.

Yu Jie



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FRONTCOVER: A boating trip.

Wang Enpu

BACKCOVER: The Tayuan Temple on Wutai Mountain. Dan Jiang

HIGHLIGHTS OF THE WEEK

The Springtime of Chinese Art

■ The first China Art Festival to be held in Beijing from September 5 to 25 is a major event in China's cultural life. It reflects emergence of many outstanding works and indicates a promising future for the arts, which are enjoying a period of growth dubbed "the Springtime of China's Art" (p. 4). A *Beijing Review* report outlines the main attractions in the festival programme (p. 17).

Breakthroughs in Traditional Economic Theory

■ China's ongoing economic reforms have challenged certain traditional concepts and interpretations of Marxist economics and led to breakthroughs in methods of economic analysis and in socialist economic theories (p. 15).

Inner Mongolia Makes Historic Progress

■ The Inner Mongolia Autonomous Region celebrated its 40th birthday in early August. A BR correspondent reports from Hohhot on the changes that have taken place in the region over the past 40 years (p. 20).

Hammer to Invest More in China

■ Two more coal mines in the area of Pinglu and Shuoxian, Shanxi Province, are to be discussed this week between the Chinese authorities and Armand Hammer, the well-known American industrialist. When completed, the two mines will have a production capacity of 30 million tons a year (p. 29).

South Africa: Black Miners' Strike

■ On August 9 more than half of South Africa's black miners went on strike demanding better pay and working conditions. The strike—the largest and longest in South African history—dealt a heavy blow to the country's mining industry (p. 10).

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Springtime of Art

by Ge Wu



The first China Art Festival opened in Beijing on September 5 and will continue through to the 25th. The festival will present over 40 shows by 3,000 Chinese and overseas artists, including national music, opera, dance, modern drama, *quyi* (folk art forms such as ballad singing and story telling), acrobatics, leather-silhouette shows and puppet shows, as well as fine art exhibitions and mass cultural activities.

From August 15 to October 10, festival performances were or will be staged in Shanghai in east China, Wuhan in central China, Chengdu in southwest China, Lanzhou and Urumqi in northwest China, Tianjin in north China and Dalian in northeast China. The festival in Dalian was held from August 15 to 23, and over 20 performances were presented by local professional and amateur artists, and those from Beijing, Shanghai and other parts of the country. Exhibitions of photographs, oil paintings and paintings of farmers, a movie week, a book market, "cultural nights" and other mass cultural activities also took place there.

The art festival, a major cultural activity, is a general review of the significant achievements in China's cultural development over the last few years.

Shortly after the founding of the People's Republic in 1949, literature and art flourished under the guidance of the Party's policies of making literature and art serve

socialism and the people and of letting a hundred flowers bloom and a hundred schools of thought contend. But later, due to the mistakes of the "leftist" guidelines, which culminated in the disastrous "cultural revolution" (1966-76), many talented and highly accomplished artists were attacked and persecuted as apologists for "feudalism," "capitalism" and "revisionism." Consequently, the "hundred flowers" in the garden of arts withered and only a few "model dramas" were staged in the entire country.

After the Third Plenum of the 11th Party Central Committee in December 1978, efforts to set things to rights led to the reimplementation of the Party's correct policy for literature and art. This brought the enthusiasm and talent of artists and performers into full play and gave rise to an unprecedented prosperity in the artistic world in China. A few years ago, various forms of art festivals were held in many places. They included Spring of Shanghai, Summer of Harbin (in northeast China), Summer of Lushan (a summer resort in the middle reaches of the Changjiang River), the Northwest Music Week, the North China Music Festival, and art festivals in the port cities of Qingdao, Yantai and Dalian. These events were warmly welcomed by the masses and regarded by art professionals as valuable opportunities for exchanging ideas and learning from each other. The success of these local events indicated that the time was ripe for a national art festival.

Good works of art and performances can enrich the cultural life of the people, foster aesthetic enjoyment, good temperament and noble spirit, and inspire them to progress and overcome

any difficulties they may face. The emergence of many outstanding works of art in recent years has given fresh hope for a promising future for the arts in China; this period of new growth has been dubbed "The spring of China's art."

Like weeds in a garden, there have also been works of poor quality over the last few years. These have been criticized by many people who hope to see more and better works of art reflecting the socialist reality and the spirit of the times.

Artists from Hong Kong, the Soviet Union and the Federal Republic of Germany have been invited to take part in the current art festival. Artists and students from Japan and the Democratic People's Republic of Korea have been invited to perform at the festival in Dalian. This constitutes a new chapter in the history of cultural exchanges between China and other countries and regions. Guided by the policy of opening to the outside world, China has had extensive cultural exchanges with other countries and regions in the past few years.

The art festival includes works inheriting the fine traditions of Chinese arts and the new achievements in absorbing inspiration from the world's outstanding works of art.

The art festival will be held twice a year in China. The permanent festival emblem is round, with a white design against a green background, symbolizing the new spring for China's art world and the growth of literature and the arts. The centre of the design is a disguised form of the old-style Chinese character which means "art," surrounded by the words "China Art Festival" in Chinese and English. The central design symbolizes a person holding a bouquet, or a bird ready to soar to great heights. This implies that China's arts will reach a new high.

Fight Against Price Rises to Continue

China will continue its efforts to curb retail price hikes, says a spokesman for the State Council, the highest body of the Chinese government.

China's retail price index jumped 6.3 percent in the first half of this year compared with the same period last year, Yuan Mu said. An increase of 5.3 percent was recorded in the first three months, 6.5 percent in April, 7.6 in May and 7.8 percent in June. The figure was even higher in 29 of the country's major cities, where it hit 9.1 percent.

Prices for non-staple foods posted the steepest rise. They climbed 13.9 percent, with a 17.8 percent increase for vegetables and 10.9 percent for meat, poultry and eggs.

The spokesman gave the following reasons for the rise in prices:

- Grain production fell short of the target last year and this resulted in higher grain prices in the free markets and affected the price of other non-staples;

- Abnormal weather conditions during the past six months seriously hindered vegetable production;

- Price rises for raw materials on the domestic and international markets have led to higher prices for manufactured consumer goods;

- Inadequate co-ordination in reform and management has affected prices in some fields.

An important principle guiding China's economic policies and price reforms is to ensure that people's income keeps pace with price rises and that their living standards improve constantly with the development of production, Yuan said.

"Despite price increases, the average base income of the country's workers, after price rises are deducted, was up 2 percent in

the first half of this year from the same 1986 period.

"It is normal for prices to fluctuate with changes in supply and demand," he said, "But we will not allow sharp price increases."

"We have also noticed the standard of living for some workers has got worse, and the government will take measures to correct this."

Yuan outlined some measures to be taken by the State Council and local governments to check price increases:

- First, he said, the State Council has decided that in general, the retail prices of consumer goods and service fees under government control will stay basically stable during the second half of this year.

- Second, the price of non-staple foods will also be kept as stable as possible. The government will allocate several million tons of fodder at state prices each year for pig raising (pork is the major meat of most Chinese consumers). City mayors have been urged to monitor vegetable production and supply and to control prices for major farm and side-line produce when necessary.

- Third, governments at various levels will tighten control of the prices of manufactured goods that do not come under the state plan, and price ceilings will be set for some major products that are in great demand.

- Fourth, the state will prevent the sharp price fluctuations of major farm and side-line produce by directing and co-ordinating purchase and sale prices.

And finally, the government will exercise stricter control over retail prices.

In addition, Yuan said, efforts will be made to ensure that projects correspond to the needs of the economy. Banks may refuse to issue loans to projects that have

not been approved and financial departments will stop their allocations.

The rise in funds available for consumption must be based on the development of production, he stressed. Workers' wages should not increase faster than industrial productivity and farmers should increase their income mainly through boosting production.

Various sectors, departments and enterprises should raise their revenue by cutting spending, reducing production costs, and improving product quality and management, but not through raising prices of products, Yuan said.

"Anyone, individuals or businesses, caught violating consumers' interests by profiteering will be punished under the law," he added.

He reiterated the pricing policy formulated by the State Council early this year: to continue the reforms, advance steadily and keep prices basically stable. To change the irrational price system is to help promote the reforms, and to strengthen the management and supervision of prices is to consolidate and improve the reforms, he said.

The State Council is urging governments at all levels to further intensify their guidance over prices and to organize the relevant departments to keep prices basically stable, Yuan concluded.

Youngsters Mature In Practice

Zhang Hong and his team, the Future Constructors, from the Shenyang No. 50 Middle School rode more than 500 kilometres on bicycles around nine villages and

towns last month. They compiled a dozen reports of findings and proposals on local rural economic development. Zhang, 17, said his summer activities helped him touch the "real ground of life." He and his companions were among millions of Chinese youngsters who took part in self-educative activities during the vacation from mid-July to the end of August.

In past summers a very limited number of academic stars and students in some of the key urban schools were involved in nationwide activities. This year's programme, sponsored by the Communist Youth League, the national youth organization absorbed more than 3 million urban and rural middle school students, 6 percent of the country's total.

The activities included training courses, social research and all kinds of services and camps, according to the students' region and interests.

In Liaoning Province, 500,000 young people attended 3,850 courses on farming techniques, garment making, public health and electrical appliance repair, and more than 700,000 youngsters were involved in social investigation groups. A 300-member student service group from

Nanjing, Jiangsu Province, provided advisory and technical services to people in nine towns and counties. Vocational school students in Wanxian, Sichuan Province, passed on the skills they learnt at school to residents of their home towns during the vacation. Other activities took place in Jilin, Heilongjiang, Shaanxi, Shanxi, Henan, Shandong, Jiangxi and Fujian provinces and Shanghai.

Elementary school children were active in similar efforts. Some 30 million children aged from 10 to 14 were involved in a Creativity Cup competition that started last year. The contest encourages children to use their imagination. Many children got together to try to help society. Some helped keep traffic order and corrected Chinese characters on road signs and public announcements, while in mountain villages others helped deliver letters and newspapers and read them to old people who could not read.

"Children in the 50s and 60s were taught so-called 'class-struggle consciousness'. Today, we are trying to produce a generation of intelligence, diligence and social responsibility," said Chen Haiyan, the 33-year-old director of the Juvenile Work Department

of the Youth League Central Committee.

An early involvement in social life, he said, can elevate youngsters' understanding of society and also provide them with a chance to use the basic knowledge they have learnt at school. Wen Quan, 16, a Beijing student returning from an investigation tour on the outskirts of the city, said her father found she had matured after the activity. "I myself only recognize that there is much more to learn than I thought before," she said. ■

Collection of Deng's Speeches Published

A collection of key speeches by Deng Xiaoping, entitled *Fundamental Issues in Present-Day China*, has been published in English, Russian and Japanese.

The book contains 47 speeches made since 1982, including three speeches made in April and June this year, which are published for the first time. The three speeches are addressed to Premier Lubomir Strougal of Czechoslovakia; Alfonso Guerra, deputy general secretary of the Spanish Workers' Socialist Party and vice-premier of Spain; and Stefan Korosec, member of the Presidium of the Central Committee of the League of Communists of Yugoslavia. The titles of these speeches are "We Must Continue to Build Socialism and Eliminate Poverty," "We Shall Draw Historical Experience and Guard Against Erroneous Tendencies," and "We Shall Speed up Reform." Deng approved the published versions.

In his opening speech to the 12th National Congress of the Communist Party of China (CPC) in September 1982 and other speeches later, Deng mainly explained how to combine the universal truth of Marxism with Chinese conditions and build socialism with Chinese character-

"What does it feel like?" — Children at a summer camp try their hand at a cannon.



istics. He also made penetrating analyses on the fundamental issues concerning politics, economics, science and technology, culture and education, army building and foreign affairs. All these can be boiled down to: take economic construction as the central task; adhere to the four cardinal principles (the socialist road, the people's democratic dictatorship, leadership of the CPC and Marxism-Leninism and Mao Zedong Thought); and carry out the policy of reforms and opening up to the outside world.

In his speeches to the European party and government leaders, Deng said China's current efforts to build socialism aim to show the superiority of socialism over capitalism. The primary task for socialism is to develop the productive forces. "To go on building socialism, we have to first eliminate poverty and backwardness, greatly develop productive forces, and demonstrate the superiority of socialism over capitalism."

He stressed that China lags many years behind other countries in science and technology, and China has more problems to solve, particularly the problem arising from its huge population. "This makes it very difficult for us to raise the people's income and to eliminate poverty and backwardness in a short time. And this decides that in everything we do we must proceed from reality, including the formulation of policies and the projection of development plans," he said.

"We have changed the image of China, although in our efforts to build socialism we have made mistakes. There has been interference both from the right and from the left, the left interference being the more dangerous." The right tendency, he added, calls for total Westernization of China in an attempt to lead the country towards capitalism. Young people should be on guard against rightist thinking, especially because they are not clear about what

capitalism is and what socialism is. "We have to educate them about these things."

Referring to the ongoing nationwide reforms, Deng said, "By reform we mean something comprehensive including reform of both the economic structure and the political structure, and corresponding changes in all other areas. And by the open policy we mean opening to all other countries, irrespective of their social systems.

"Our achievements in the last few years have proved the correctness of our policies of reform and of opening to the outside world. Therefore, we must not abandon these policies or even slow them down. Indeed, the Party Central Committee has been considering accelerating the reform and opening to the outside world."

The reform of the political structure has been put on the agenda of the coming 13th National Congress of the CPC. Such reform, he said, aims to revitalize the Party, the administrative organs and the whole state apparatus so that they are staffed with people whose thinking is not ossified and who can bring fresh ideas to bear on new problems. This will increase efficiency and stimulate the initiative of people and grass-roots units in all fields of endeavour. The general purpose of the reform of the political structure, he said, is to consolidate the socialist system, the leadership of the Party, and the development of the productive forces under that system and that leadership.

An official from the Party Literature Research Centre of the CPC Central Committee said the publication of Deng's speeches and remarks will help foreign readers gain a better and clearer understanding of China's current situation, its policies and principles and their development. The book will soon be published in French, Spanish, German and Arabic. ■

Nuclear Industry To Develop Steadily

China is hosting its first international nuclear meeting — the Sixth Pacific Basin Nuclear Conference in Beijing September 7-11. Observers see the event as a sign of the maturity and openness of China's nuclear industry. They also think the meeting will give the industry a boost.

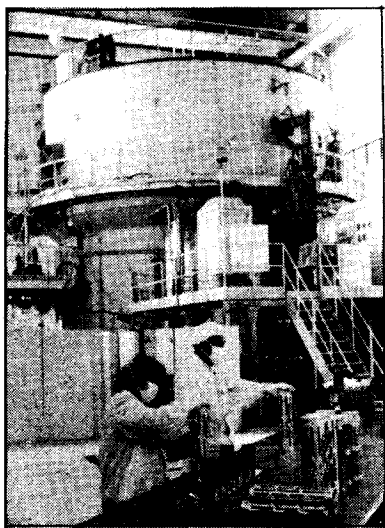
China's nuclear industry started in 1955, a few years after the founding of New China. The industry was initially devoted exclusively to national security and its development was not made public, except for announcements of atom and hydrogen bomb tests. In the early 1980s, a new policy was formulated — the industry should also serve the economy and people's needs.

"What we can do to serve the economy is, first of all, to generate electricity by using nuclear energy," said Huang Qitao, a scientist and vice-minister of the Nuclear Industry. "I want to make it known, officially, that China will develop its nuclear power in a vigorous and proper way." Huang said nuclear power should be placed after thermal power and water power as a means of generating electricity. This order is generally accepted by most power experts, although there has been a lengthy controversy about which should be put first, he said.

China started nuclear experimentation early, building its first atomic reactor in 1958. But in the field of commercial nuclear power plants, it is far behind many other countries, Huang said. China has no operating nuclear power plants although two are under construction. One of the major reasons for the lag, said Huang, is some people's fear, ignorance and prejudice regarding the use of nuclear energy.

In the 1970s, the late Premier Zhou Enlai proposed the development of nuclear power plants in China, but the proposal could not

be implemented because of the chaotic economic and political environment during the "cultural revolution." In the late 1970s, some high-ranking officials thought nuclear power plants were unnecessary and this view was echoed by people who were worried about the dangers of nuclear energy. The fear grew especially after a nuclear accident in the United States in 1979. But in March 1983, Premier Zhao Ziyang revived and endorsed Zhou's programme and China began to implement it.



BAI LIANSUO

Nuclear scientists preparing to irradiate monocrystalline silicon.

While some people were worried about nuclear power, mainly because of ignorance about the industry, Huang said, others suggested that nuclear power be given priority in the government's energy programme.

"Undoubtedly, we must develop nuclear power, but not in a hasty way. When considering nuclear power, the first thing we need is safety," he said. China cannot, at least at present, develop its nuclear power plants too fast because the investment in a nuclear plant is higher than in an

equivalent thermal or hydroelectric plant. Also the construction period for a nuclear plant is longer. In addition, the country is rich in coal resources, and coal is cheaper than nuclear power. Moreover, psychological resistance to nuclear power still exists. And, because nuclear technology is so sophisticated, China cannot develop it alone.

Huang said China has expanded its co-operation in nuclear energy since it joined the International Atomic Energy Agency in 1984. That was the same year that China began to build its first nuclear power plant — the 300,000-kw Qinshan plant in Zhejiang Province. Although the plant was designed and built by China, some foreign experts were consulted and some of the equipment was imported. China's second nuclear power plant, in Guangdong Province, is a joint venture. All the equipment is imported, while Chinese engineers and technicians are participating in construction management, civil engineering, equipment installation and trial operation.

The Qinshan plant is expected to be operating in 1990. The first generator at the Guangdong plant is scheduled to start up in 1992, and the second in 1993. Each has a capacity of 900,000 kw. "Speed is not what we are most concerned about; we always give first priority to safety and quality," said Huang. He added that the construction of the Guangdong plant does not indicate a trend in China's nuclear industry. Although the country needs international help and co-operation, "We should aim for a nuclear industry with Chinese-made equipment."

Huang said China will expand the Qinshan plant by installing two 600,000-kw nuclear generators in a second construction stage. But a plant planned for southern Jiangsu Province has been cancelled, he said.

Li Haibo

China Simplifies Protocol Formalities

China has made big strides in reducing diplomatic protocol formalities. Its efforts in this regard should continue, said Tang Longbin, director of the Protocol Department of the Chinese Foreign Ministry.

China's policies of reform and increasing openness to the outside world have brought about the need to cut down on formalities. In the past, state-run units cultivated their business contacts by giving large banquets and gifts. Statistics show that China's administrative expenditures are rising at an average annual rate of 14 percent, while national income is rising by only 12 percent and revenue by 9 percent. Over the past five years, administrative expenditures have doubled, to a large extent because of gifts and entertaining.

Overelaborate protocol formalities have led to overspending and other problems. After studying international practice, China began to reform its protocol procedures in June, when Chinese leader Zhao Ziyang visited five East European countries and Pakistan.

Since many Chinese embassies abroad do not have the facilities to hold large banquets, China has decided that Chinese leaders and officials of ministerial level will not give reciprocal banquets or receptions when they pay visits abroad and will not entertain diplomatic envoys of the countries they visit in Beijing when they return home. Accordingly, foreign heads of state or government and other foreign dignitaries need not hold return banquets or receptions when they visit China.

This reform will help cut spending and save Chinese leaders' time and energy for major state and foreign matters. Chinese embassies will be able to concentrate their efforts on

visiting leaders' major activities, Tang said.

China's protocol reforms have won favourable comments from many foreign diplomats. An ambassador from a Western country said relations between his country and China have entered the stage at which few time-wasting protocol formalities are needed. A senior diplomat from an African country said the time- and money-saving reforms will benefit both his country and China.

To further reduce formalities to meet the needs of current situation, Tang said, the Foreign Ministry has taken following measures:

- Motorcades of distinguished foreign visitors will be shortened. In the past, one-kilometre-long motorcades disturbed traffic. Now leaders and ministers of foreign countries will use limousines while other officials take minibuses.

- The time for state banquets will be reduced to an hour and half, and the food served will be limited to four dishes and one soup. The number of people invited to banquets will be cut.

- The number of people in foreign delegations will be limited. If more people come, they will have to pay their own way.

- The entourage of Chinese leaders on foreign trips should be small. The formalities surrounding leaders' departure and return should be simplified and the number of people seeing them off or greeting them cut.

Tang said the reforms do not mean "the simpler, the better." The ministry has restored guards of honour and gun salutes to enhance the grandeur of welcoming ceremonies.

A Chinese leader recently pointed out that laws and regulations should be worked out for diplomatic protocol formalities. If the situation changes, normal legislative procedures would be followed. ■

Weekly Chronicle (August 24-30)

POLITICAL

August 25

- China's senior leader Deng Xiaoping tells visiting Thai Foreign Minister Siddhi Savetsila in Beidaihe that China's policy of supporting the three resistance forces of Kampuchea cannot and will not change.

Deng says Viet Nam has not changed its strategic plan to set up an "Indochina federation," and the Soviet Union is maintaining its basic stand of supporting Viet Nam's occupation of Kampuchea.

He says Viet Nam should withdraw its troops from Kampuchea, end its aggression against that country and let Kampuchea regain its independence.

August 26

- The fifth meeting of the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region concludes in Beijing.

During the meeting, members of the committee discussed articles in the law relating to the future political structure of Hong Kong and economic matters, including the guiding principles for financial budgeting and taxation.

ECONOMIC

August 25

- More than 35,000 state-owned industrial enterprises, or 63.9 percent of the country's total, had introduced the director responsibility system by the end of June, says Yuan Baohua, vice-minister of the State Economic Commission.

A survey of most of these enterprises shows the new system has proved successful in improving enterprise management.

Previously, all enterprise directors were responsible for production and management under the leadership of Party committees.

CULTURAL

August 25

- The annual Tibetan traditional Xodoin festival starts in Lhasa today and continues until August 31, Xinhua reports.

More than a dozen theatre troupes and Tibetan opera troupes have gathered from different parts of the region for the festival. Foreign visitors from more than a dozen countries are expected to attend.

SOCIAL

August 25

- The Hall of Sunlight at Beijing's Palace Museum (Forbidden City) caught fire after being struck by lightning on the night of August 24. The fire was put out after five hours of hard fighting by firemen and workers.

The fire destroyed 50 square metres of the hall's roof, but no treasures damaged. All the 14 jade display cases in the hall were saved.

August 26

- Deng Qilin, 24, a contract worker from a fireworks factory in Hubei Province who detonated a self-made device in Tiananmen Square at midnight July 17, was sentenced to death by the Beijing Intermediate People's Court, Xinhua reports.

FOREIGN RELATIONS

August 25

- An agreement is signed between the Chinese and Luxembourg governments on a low-interest loan of 100 million Luxembourg francs (about US\$2.6 million) to China, Xinhua reports.

The loan from the Luxembourg government will be used to finance the renovation of a blast furnace at the Anshan Iron and Steel Complex in northeast China.

SOUTH AFRICA

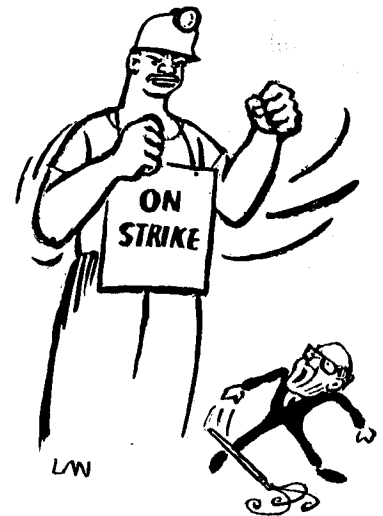
Black Miners Make Their Power Felt

The biggest and longest strike by black miners in South African history has demonstrated the unity and strength of the miners and their union.

Starting from August 9, more than 240,000 gold miners and 100,000 coal miners, all members of the National Union of Mineworkers (NUM), went on strike for a wage increase of 30 percent and better working conditions. The strike by more than half of South Africa's 600,000 black miners paralyzed 28 gold mines and 18 coal mines, or two-thirds of the nation's major mines. Production was affected at half of South Africa's gold mines and one-fifth of its coal mines. Analysts said the strike cost about US\$14 million a day in lost production. South Africa is the world's largest gold producer with an annual output of more than 600 tons. The nation's gold and coal mining industry generates about 70 percent of its foreign earnings, with gold alone providing more than 50 percent of the total.

Pretoria reacted to the strike with violence and high-handedness. At least nine miners were killed, about 300 injured and about 200 strike organizers and activists were arrested during the three-week walkout. Tension enveloped the mining areas, where the police and troops stepped up patrols. NUM representatives have met the mine owners several times during the walkout. Under the pressure of the strike, the Chamber of Mines, which represents the six major companies that were targets of the strike, agreed to reopen negotiations with the NUM to "hear its proposals for ending the strike."

After two days of talks, from August 28 to 30, a compromise on ending the strike was reached. The mine owners agreed to a 17-23 percent wage increase for gold miners, a 15-23 percent increase



for coal miners, a 10 percent rise in leave allowance and an extension of death benefits from two to four years. The NUM called on the striking miners to return to work immediately. Cyril Ramaphosa, the union's general secretary, said the settlement was a victory.

The strike was sparked by the deteriorating economic position of black miners, who account for more than 90 percent of South Africa's mining workforce and do the hardest and most dangerous work. Every year more than 500 workers are killed in the mines and all but a handful are blacks. But black miners are paid an average of 345 rand (US\$172) a month, only one-sixth of the average white miner's wage. Blacks get an average of 14-18 days annual leave, compared to 35 days for whites. And black miners do not get the hazard pay that whites receive.

In recent years, black workers have waged a series of large-scale strikes for equal political rights and economic benefits. The gold and coal walkout was the third major strike this year by an affiliate of the South African Congress of Trade Unions (SACTU) in support of its campaign for a "living wage." A strike by 18,000 black transport workers, which began in March as

South Africa: Black miners injured by police.



a protest against the dismissal of a black colleague, lasted six weeks and cost the state-run South African transport services millions of dollars.

The current miners strike had deep political causes. In recent years, the unions of black workers have strengthened their political struggles against the South African regime. They have realized that for them political rights are as indispensable as bread and butter. Despite government warnings that unions should stay out of politics, black unions have moved to the forefront of the anti-apartheid campaign.

SACTU president Elijah Barayi said the congress is part and parcel of both the South African people's economic and political struggle.

The 700,000² strong congress, which was launched by more than 30 trade unions of black workers in 1985, has called on the government to withdraw troops from the black townships; and to free detained anti-apartheid activists, including African National Congress leader Nelson Mandela.

The congress also calls for full political rights for blacks and stronger foreign sanctions against Pretoria.

As a result of protracted struggles by the black unions, Pretoria legalized the unions in 1979 and has made some limited reforms to the apartheid system.

by Wang Nenbiao
Li Wenzheng

USSR-JAPAN

Expulsions Follow Cooling in Relations

Relations between the Soviet Union and Japan have recently become tense after a brief and limited thaw last year.

The Soviet Union recently ordered the Japanese naval attache and the deputy head of the Moscow office of Japan's Mitsubishi Corporation to leave the country amidst charges of espionage. Formally, they were expelled for "involvement in activities incompatible with their status." In apparent retaliation, Japan ordered the Soviet vice-trade representative in Tokyo to leave Japan after accusing him of illegally purchasing plans for high-technology aircraft instrumentation.

It was the first expulsion of a Japanese diplomat from Moscow since World War II. The Japanese press said the actions on both sides "will aggravate the already deteriorated Japanese-Soviet ties." Japanese Prime Minister Yasuhiro Nakasone said on

August 21 that the expulsion poured cold water onto bilateral ties.

Both countries have been aggressive in their diplomatic attitude towards each other this year, after a fleeting thaw in bilateral relations in 1986. Diplomats and the media in Tokyo say the Soviet expulsions were an "obvious retaliation" for Japan's attempt to arrest a Soviet diplomat. The National Police Agency of Japan on May 19 arrested four Japanese nationals who were charged with providing Soviet trade officials in Tokyo with US Navy technological information stolen from the Tokota military base. The agency issued an arrest warrant for the Soviet official, who had already left Japan.

Also, Moscow was intensely

irritated by the "Toshiba case." The United States, in a May communique to Japan, said that Toshiba had violated the provisions of the Co-ordinating Committee for Export Control by selling four sophisticated milling machines to the Soviet Union. The machines are used to produce quiet submarine propellers, which make the vessels hard to detect. The United States accused Toshiba of providing the Soviets with sensitive technology that would seriously threaten Western security.

As a result of the Toshiba case, exports of Japanese machine tools to the Soviet Union have plunged 75 percent compared with the same period last year. And the Japanese cabinet recently approved an amendment to its foreign trade control law that will tighten government control of sales of strategic technology to the Soviet Union. The amendment has been submitted to the Diet (parliament). Japan also postponed a meeting of the Japanese-Soviet Economic Committee, which was due to be held in June or July, and cancelled another joint economic committee meeting set for this year.

Now Moscow has accused Japan of stirring up an "anti-Soviet campaign." A Soviet press spokesman told the Kyodo News Service on August 13 that Japan has been neglecting its ties with the Soviet Union although Moscow has remained friendly towards Japan. He said Japan should keep in mind not only its economic interest, but also its "long-term security interests."

After a long chill, Tokyo and Moscow began to approach each other in 1985 and their relations improved slightly. Regular consultations between the two foreign ministers, which had been suspended for eight years, resumed at the start of last year. The two countries also concluded a series of agreements on trade, culture, science and technology and fisheries. Trade totalled US\$5.1

billion in 1986, an increase of 22 percent over 1985. Moscow even agreed to let Japanese people resume visits to ancestral graves on the four Kuril islands off northern Japan—Habomai, Shikotan, Kunashiri and Etorofu—which have been held by the Soviets since the end of World War II.

In July 1986 Soviet leader Mikhail Gorbachev said in a letter to Nakasone that he wanted to visit Japan. Gorbachev received a prompt positive response, and the Japanese side started taking steps to organize the trip, which would have been the first visit by a top Soviet leader to Japan. The visit has still not taken place. Soviet Deputy Foreign Minister Mikhail Stepanovich Kapitsa said during his visit to Tokyo last October that bilateral relations should emerge from the winter to greet the spring and summer.

But the improvement in

Japanese-Soviet ties has been limited partly because both sides claim sovereignty over the Kurils. In addition, Moscow considered Japan's decision last year to take part in the US Strategic Defence Initiative (Star Wars) programme as a hostile act against the Soviet Union.

Although Tokyo responded quickly to the Soviet expulsion of the Japanese diplomat, it has left some room for a possible improvement in relations between the two countries. Nakasone said on August 21 in Diet that he would try to prevent an all-round deterioration of relations. Japanese Foreign Minister Tadashi Kuranari also said both sides should remain "restrained and calm" to pave the way for a meeting between the two foreign ministers, scheduled to be held at the end of September in New York. ■

by Zhu Ronggen/Yao Li

SRI LANKA

Future of Peace Pact Uncertain

Protests and violence followed the signing of a peace accord between Sri Lanka and India, raising the question of how long the pact will last.

On August 5, at the Palali Air Base on the Jaffna Peninsula of Sri Lanka, the Tamil Tigers reluctantly laid down their weapons, which filled six trucks. A leader of the Tigers, the country's largest insurgent group, handed over his pistol to Sri Lankan Defence Secretary Sepala Attiyagalle, symbolizing the surrender of arms. "Today," said Attiyagalle, "is a historic day for the future of Sri Lanka."

The Tigers' action was the result of a peace pact signed between Indian Prime Minister Rajiv Gandhi and Sri Lankan President

Junius Jayewardene. The agreement aims to put an end to the conflict between the Tamil and Sinhalese people of Sri Lanka. The centrepiece of the accord is Jayewardene's concession of local rule in the northern and eastern regions of the country and Gandhi's promise not to allow Sri Lankan Tamils to conduct anti-government activities on Indian territory. Gandhi also pledged to guarantee that the Tamils would lay down their arms.

The pact stipulated that within 48 hours of signing, a ceasefire would take effect throughout Sri

Lanka, and, within 72 hours, rebel units would lay down their arms. Colombo promised it would decree a general amnesty for Tamil rebels and free all Tamil political prisoners. Sri Lanka also pledged to create a unified, locally ruled province out of the northern and eastern regions of the country. By the end of the year, residents of the new province are to elect a governor, chief minister and cabinet. At the invitation of the Sri Lankan government, 7,000 Indian soldiers will be stationed in the northern and eastern regions of the country to ensure the implementation of the peace accord. Indian and Sri Lankan naval vessels will patrol the Palk Strait to prevent any supply shipments to the rebels.

The peace accord is bound to bring about at least a temporary truce between Sri Lanka's Tamil minority and the Buddhist majority Sinhalese. The Tamils represent 12.5 percent and the Sinhalese 74 percent of the country's 16 million people. The Tamil insurgency started in 1983 after the Sri Lankan government turned down the minority's demand for an independent state. So far 6,000 people have been killed. The close relations between the Tamils in Sri Lanka and India have further complicated the dispute and account for India's role in the peace negotiations.

The agreement worked out between New Delhi and Colombo has been severely criticized by both the Tamils and the Sinhalese. Tigers' leader Velupillai Prabhakaran said, "It's obvious that we are doing (handing over arms) what we don't want to do. So naturally I feel bitter." He stressed the Tigers will not abandon their demand for an independent Tamil state, noting that he would not renounce violence in pursuit of this goal. According to a commanding officer of the Indian peace-keeping forces, only a token number of weapons were surrendered by the Tamils. Many of the Tigers were expected to hold

on to their personal weapons and the proportion turned in might be as low as 40 percent.

The Sinhalese showed their anger in protest demonstrations. Soon after the peace pact was signed, rioting broke out in Colombo, resulting in the death of more than 70 people. During the farewell ceremony at the end of Gandhi's visit to Sri Lanka, a Sinhalese sailor swung at the Indian prime minister with the butt of his rifle. And 20 days later, Sri Lankan President Jayewardene narrowly escaped an assassination attempt at a parliamentary meeting, the first since the signing of the accord.

The peace pact appears to be favourable to India and damaging to the independence and sovereignty of Sri Lanka. Sri

Lankans are disturbed by the two Indian escort vessels in the waters near Colombo and the Indian soldiers in their country. The agreement prohibits Sri Lanka from allowing foreign countries which hold prejudice against India to set up naval bases in Sri Lanka, but permits India to co-operate with Sri Lanka in repairing and running a deep-water port in the northern part of the country.

The peace agreement did not set a date for the withdrawal of Indian troops, but President Jayewardene expected them to move out within three weeks. New Delhi, however, declared that its troops would not leave Sri Lanka until the safety of the Tamils was assured and stability had been restored.

by Lu Hua

LATIN AMERICA

US Influence Growing Weaker

Increasing unity and co-operation in Latin America are helping the region shake off US influence.

Three significant meetings were held in Latin America last month: the summit of five Central American presidents, the meeting of foreign ministers of the Contadora and Lima groups and the Caracas meeting of 13 Latin American foreign ministers. The results of the meetings are broadly viewed as reflecting the weakening of US influence in the region and the strengthening of unity and co-operation among Latin American nations.

Latin America has always been strategically important for the United States, and Central America is currently the focus of President Ronald Reagan's Latin American policy. The United States sees Central America as a vital arena in the East-West conflict and has made great efforts to push back and eliminate Soviet

and Cuban influence in the region. In recent years, the United States has tried to implement this policy by aggressive action in Grenada and a "low-intensity war" in Nicaragua on the one hand, and by promoting the "democratization" of Central American countries and offering them economic and military aid on the other. US aid to Central American nations, except Nicaragua, has been rising every year, and as a result some countries in the region have been working closely with the United States in the peace process. This has frustrated the mediation efforts of the Contadora group.

But recently the situation has changed. Central American nations began to keep the United States at a distance as they sought a political solution to the region's problems. This was best shown at

the summit of five Central American presidents held on August 6-7. Shortly before the summit, Reagan came out with a six-point peace plan for the region, but the plan was snubbed at the summit. The Central American leaders insisted that a peace proposal put forward by Costa Rican President Oscar Arias Sanchez in February form the base of their discussion, and they finally succeeded in signing a peace accord, which put the United States in quandary.

On August 23, a meeting of 13 Latin American foreign ministers was held in Caracas. The solid will to get rid of foreign interference and to achieve peace in Central America as soon as possible was evident in the talks. The meeting closed with the creation of an international committee to oversee the implementation of the Central American peace accord. This concrete step shows that Latin America's desire for self-determination and ability to achieve it are getting steadily stronger.

US influence is waning throughout the region. Most Latin American countries were dissatisfied with the US stance in the Malvinas war and some nations even proposed setting up an organization of Latin American nations excluding the United States. Although US-Latin America relations got better after the United States did some fence-mending work, contradictions over Central America and debt problems have continued to expand. Latin American nations hope for a quick end to the turmoil in Central America through a political solution. They strongly oppose any foreign interference and maintain that the independence, sovereignty and national self-determination of Central American nations must be respected. The United States is reluctant to drop its interference and threats. On the debt question,

(Continued on page 27)

Koreans Long for National Reunification

A Chinese press delegation on a recent visit to Kaesong and Panmunjom in the Democratic People's Republic of Korea (DPRK) was struck by the strong desire of the Korean people for national reunification.

Kaesong is an ancient city with a long history, but it was badly damaged in the Korean war (1950-53). The modern city was rebuilt on the ruins of war. Kaesong used to be a commercial city before liberation; today its industries are flourishing. The gross industrial output value of Kaesong is currently more than 1,000 times that during Syngman Rhee's rule. Then, there were only three or four primary schools and two or three middle schools in Kaesong. Now there are more than 100 colleges, vocational schools, middle and primary schools.

The demarcation line drawn in July 1953 to separate the North from the South was originally marked by wire netting. Later, at the instigation of the United States, the South Korean authorities put up a sector of reinforced concrete protective screen, which is five metres high, ten metres wide at the bottom and 25 kilometres long.

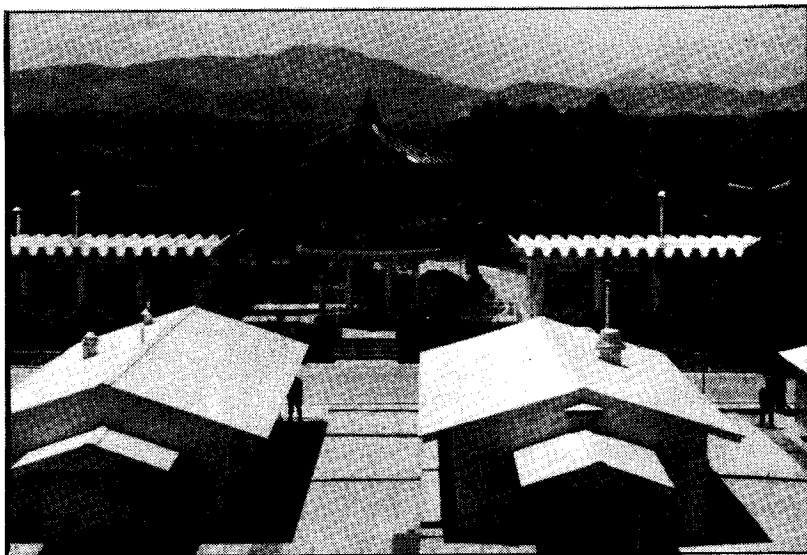
In Kaesong, which is just over the line that divides Korea, 70 percent of the families have relatives in South Korea. Some people plant fruit trees in the hope that their relatives will come back to taste the fruit. Some wives sew a new suit of clothes for their husbands every year; now the clothes are stacked up high and still their husbands have not returned home. In the past, whole families could go sight-seeing on the Imjin River or picnicking in the park together. Now the same

families — the same nation — are separated by the military demarcation line.

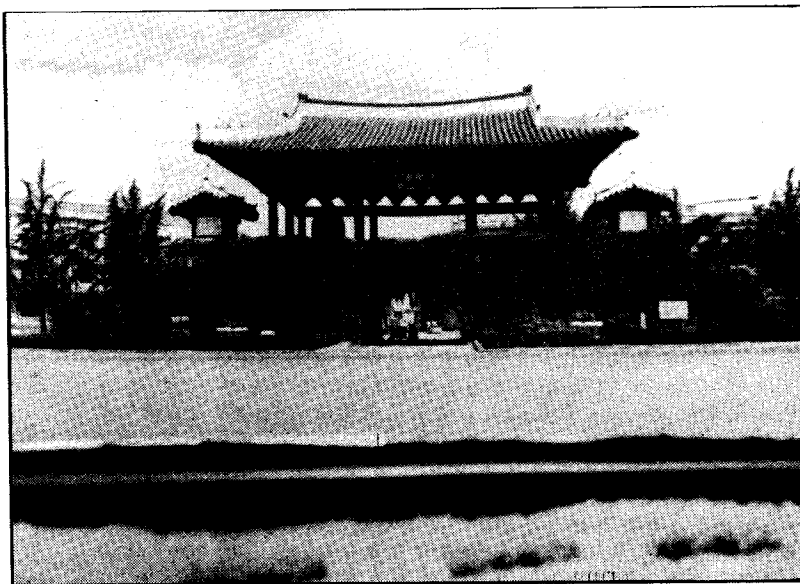
In 1972, when the DPRK leader Kim Il Sung came to inspect Kaesong, he listened attentively to the tearful story of a woman textile

worker who described her agony over her divided family. Kim comforted her, saying: "Your father is more than 50 years old now, and must be living and in good health. When the nation is reunified, you can meet him

A view of the south side of the military demarcation line from Panmunjom ZHANG FAN



The South Gate of Kaesong



again." He also said: "We must realize national reunification and dispel the agony of the nation's separation. We must let all the Korean people live and work in peace and contentment, and live in harmony in a unified land."

From a balcony in Panmunjom, men, women and children can be seen standing on a raised pavilion on the south side of the demarcation line. People on both sides of the line photograph each other with telephoto lenses. In the Kaesong region, many places are named Reunification. Korean officials distribute souvenir badges with a design that looks like the north and south parts of the Korean Peninsula shaking hands.

President Kim Il Sung, the Korean Workers' Party and the DPRK government, reflecting the interests and desires of the Korean people, have made great efforts to achieve the independence and peaceful reunification of the Korean nation. In 1972, the two sides held a summit meeting and issued the July 4 North-South Joint Statement, which affirmed three principles of national reunification proposed by North Korea. At the end of last year and the beginning of this year, the North side again put forward reasonable suggestions, such as setting up a federated country, holding high-level North-South political and military talks, and holding tripartite talks including

the United States. In July, to ease the tensions on the Korean Peninsula, the DPRK government proposed that the DPRK and South Korea cut their military forces in three stages. The proposal also called on the United States to withdraw its troops and nuclear weapons from South Korea. To create a favourable atmosphere, the DPRK declared it will demobilize 100,000 troops unilaterally this year.

Reunification is the supreme aspiration of the Korean people. The DPRK government's efforts to promote the cause of national reunification conform to that aspiration.

by Zhang Fan

Breakthroughs in Traditional Economic Theory

by Wang Zhenzhong and Chen Dongqi

The structural economic reforms that began in China in 1979 have been a challenge to the traditional economy. They have also led to new breakthroughs in economic theory.

The achievements of socialism are now evaluated according to the level of the forces of production. This moves beyond the old practice of abstractly explaining the principles of socialism without considering the level of productive forces.

After the chaos of the ten-year "cultural revolution" ended in 1976, people began to ask why China was still poor and backward after so many years of socialism. They realized that research into the relationship between the forces of production and the relations of production had been too one-sided. The principles of socialism had been explained abstractly without considering the level of

the forces of production. Socialism had been analysed and carried out in isolation from the relations of production. This one-sided economic theory had led to extremes in practice. As a result, the poorer the economy, the more people felt it necessary to reform the relations of production. Consequently, the relations of production characteristic of an excessive level of public ownership, over-centralization and absolute egalitarianism fettered the forces of production. Major links and important aspects of the relations of production had become ossified because they were not connected to the development of the forces of production.

We say the socialist system is superior to the capitalist system. However, this superiority must manifest itself not only in major elements of the relations of

production such as public ownership and distribution according to work done, but also in the major elements of the forces of production. Real socialism does not mean the integration of advanced relations of production with backward productive forces. A superior socialist system must have forces of production which develop at a high rate and a high level. This new understanding has enabled us to correct previous misreadings of Marxist theory and the ultra-leftist ideology prevalent during the "cultural revolution." During that decade, the whole nation was mobilized to wage class struggle, and to criticize and repudiate the "theory of the unique importance of the forces of production." In the last eight years, from the very beginning of the reforms, we have concentrated our efforts on national construction and emancipating and

developing the forces of production. This represents not only practical progress, but also progress in theory.

A second major breakthrough is the theory that China is still in the preliminary stage of socialism. This moves beyond the old viewpoint that socialism is a transient phase.

Traditional theory held that socialism was a transient phase and that after completing the transformation of the old private economy China could move quickly from socialism to communism. The facts show that this created confusion both in economic theory and practice. Political movements and "class struggles" were launched to speed up the transition. Communism was too easily taken as a concrete target for the immediate future, and this was the theoretical foundation for the ultra-leftist ideological trend prior to 1979, when the reform got under way.

We understand now that socialism may be a fairly stable, relatively independent socioeconomic formation. Moreover, it may have more than one development stage, and China is in the preliminary stage now. This theory of the "independent formation" and the "preliminary stage" is important to the steady, long-term development of China's socialist commodity economy. It enables our theory and policies to be based on reality and makes legal protection and stability possible. In this way, China can avoid the unwarranted early replacement of the commodity economy with a product economy, i.e. one in which products are not marketed but allocated by the state, or the early replacement of distribution according to work done with distribution according to need.

Different forms of socialist ownership may coexist. This theoretical breakthrough supercedes the dogmatic theory that

only public ownership was permissible in socialist China.

China's socialist commodity economy developed from a poor and backward starting position. Because of this, there should not be any subjective imposition in determining forms of ownership. However, traditional economic theory argued against the idea that the form of ownership should vary according to economic environment and the level of the forces of production. It insisted that under the socialist public ownership system only state ownership and collective ownership might exist, and that the latter would inevitably evolve into state ownership. Under the guidance of this traditional theory, China took an incorrect course in the composition and development of socialist ownership. Every effort was made to bring about the dominance of state ownership and eliminate the private economy, and non-state owned elements, which were dubbed "remnants of capitalism."

After the Third Plenary Session of the 11th Party Central Committee in December 1978, two tendencies led to a thorough theoretical and practical dismantling of the traditional ownership system.

First, the "coexistence of different forms of ownership with state ownership as the mainstay" was affirmed as a new principle for China's socialist ownership system. This new theory provides the blueprint for readjusting and reforming the structure of China's ownership system. For instance, a certain amount of private ownership and other non-public forms of ownership are allowed to exist and develop. Joint operation is also allowed for enterprises which combine state ownership or collective ownership with private ownership, state with collective ownership or Chinese investment with foreign investment.

Second, the idea that during the preliminary stage of socialism,

collective ownership will inevitably evolve into state ownership has been replaced with the idea that collective ownership allows the existence of different levels of the forces of production. The idea that public ownership only includes state and collective ownership has also been replaced with the idea that public ownership may include other forms of ownership such as co-operative ownership. The idea that there must be unified state ownership and the property rights of the state-owned properties must be controlled and used by the state has given way to the new idea that within the state economy there may be an appropriate separation between proprietary rights and management power, and that the system of proprietary rights may be organized in accordance with the principle of a commodity economy within the state economy. This has laid a solid foundation for state enterprises to separate administration from management and so become relatively independent commodity producers. This has also created conditions for the establishment of enterprise management mechanisms in accordance with the requirements for the development of a commodity economy.

A new economic pattern integrating market forces with planning has been created in opposition to the outmoded theory that market forces are opposed to planning.

The development of a socialist commodity economy demands market mechanism and economic regulation by the law of value. Setting market forces against socialist planning, traditional economic theory excluded market mechanisms and held that a highly centralized and highly unified management system was the only mode for a socialist planned economy.

After the Third Plenary Session of the 11th Party Central Committee, economists began

comparative study of different economic modes. They realized that different operational mechanisms could be introduced into a socialist economy. The international division of labour and international co-operation was developing rapidly in response to a new technological revolution. If China stuck to a rigid mode which controlled economic operations by administration and isolated its enterprises from the world market, it would be hard to ensure efficiency and achievement in the socialist economy. It was on this basis that the opposition between market forces and planning was rejected and market mechanisms were introduced. Now we allow the existence of a consumer goods market as well as markets dealing in the means of production, capital, labour, technology and information. A sound socialist market system has thus come into being. This is of far-reaching significance for the development of China's socialism.

An open economic system involving international competition has been constructed, as opposed to the old closed economy which aimed at autarky.

Shortage of capital and poor technology are the two major obstacles to the development of China's socialist commodity economy. Abandoning the former closed economic system and

implementing the open-door strategy is designed to overcome these obstacles. This is also the inevitable result of efforts made to institute theory guiding the development of a commodity economy. In the past, China's economic activities were confined to the domestic market and international exchange was neglected. We didn't understand the importance of taking part in international competition. This closed-door practice is the main reason why China lags so far behind the developed countries.

In the process of reform, new ideas have been generated on this point. It is now felt that on the basis of self-reliance, China should be opened to both socialist and capitalist countries. Commodity trading should be coupled with deals in capital and technology. Opening to the outside world is now a consistent state policy. It is also held that China must strive to expand international co-operation so as to develop its own forces of production. China must also constantly sharpen its competitiveness on the international market, so as to link China's mode of economic operation, division of labour, co-operation, competition and association with their international equivalent. These new ideas provide a solid theoretical basis for a smooth transition from an economic pattern geared to self-sufficiency to an open commodity economy.

Varied methods for economic analysis have been developed, whereas in the past economists failed to make quantitative analysis and summed up experience in disregard of positive facts.

In the past socialist economic operation was accepted as a matter of imitating and reproducing past experiences, economic analysis was based on simple inference, and the economic process was rigidly fixed. This shows that China's economics was rigid in itself, and led to many failures.

With the onset of economic reform, large numbers of Chinese economists abandoned traditional methods of study and based their studies on facts, and make quantitative analysis and sum up experience. The varied methods of economic analysis that resulted are in correspondence with the active economy. This constitutes a major reform of China's socialist economic research methods.

Flourishing economic research has been pioneered by radical reforms of economic concepts and methods of economic analysis. Changes in methodology are also important to theory. By studying the commodity economy and assimilating what is useful of Western economics, Marxist economic theories may develop not in isolation but in the vigorous atmosphere of the open-door policy. ■

What's at the First China Art Festival

by Our Correspondent Ling Yang

Among the events at the first China Art Festival sponsored by the Ministry of Culture, the 42 Beijing performances and five art exhibitions to be displayed in Beijing's Museum of Fine Arts from September 5 to 25 are the quintessence of the festival. They serve to indicate the lively,

flourishing cultural scene developing in China since the open policy and reforms introduced in the late 1970s. Many of these performances and works testify to the artists' efforts to maintain and develop China's traditional art, while others reflect their success in assimilating the best from foreign

arts. Performances by foreign art troupes and artists from Hong Kong add colour and variety to the programme.

The main attractions in the festival's programme are:

Modern drama

■ *Where Do Our Feelings Rest?*

by Beijing's China Youth Art Theatre deals with the joy, suffering and confusion of the men and women in an ordinary family facing the problems of marriage and the gap between generations. They all try to overcome the incessant emergence of their own psychological obstacles.

■ *A Dream of China*, a successful stage version by China's veteran dramatist Huang Zuolin (now in his 80s) of a work by two young authors. The performance by the Shanghai People's Art Theatre depicts a love story between a young American scholar—an ardent lover of Chinese culture—and a Shanghai girl who goes to live in the United States. The whole play centres on these two characters and explores new fields in dramatic structure and representation.

■ *Cao Zhi*, a play on the tragedy of a ruling feudal family whose members vie with each other for power. Cao Cao was a noted politician and militarist of the State of Wei during the period of the Three Kingdoms (220-280 AD). His second son Cao Zhi, whose name the play takes on, was a prominent poet. Cao Pi, the narrow-minded elder son, plotted to murder Cao Zhi even after Pi ascended the throne. The three Caos are held in high esteem in the history of Chinese literature for their literary talents. Many of their outstanding literary pieces and stories based on their family disputes are well-known in China. *Cao Zhi* is a new play by the Harbin Modern Drama Theatre from northeast China.

■ *Boat of Treasure*, the only fairy tale among the 36 plays by the versatile playwright Lao She (1899-1966). It is produced by the China Children's Art Theatre.

Opera

■ *The Wilderness* adapted from the play of the same title by the prominent contemporary playwright Cao Yu. A dramatic revenge story of a peasant on his

landlord, it has been one of the most fascinating performances since its appearance in the 30s. This new opera version by Beijing's China Theatre of Opera and Dance Drama succeeds in fusing modern technique with the traditional music of China.

■ *In the Depth of a Palace* is a new work by Xiangtan City Song and Dance Ensemble from Hunan Province in central China. It is a story about power struggles in the court of the State of Wei during the Spring and Autumn Period (770-475 BC).

Music

■ Concerts of traditional music with combinations of various string, plucked, wind and percussion instruments, as well as a special concert of traditional music by soloists, trios, quartets, quintets and instrumental ensembles. These concerts present both traditional and modern pieces, the rich expressiveness of the various musical instruments and the diversified style of the dozen or so troupes from different localities.

■ Symphonic music by the Central Philharmonic Society under the baton of the young and promising Chen Zuohuang, New China's first Ph.D. conductor. Yang Bingsun is the first violinist. The programme includes modern works by contemporary young composers, an orchestral piece *Moon Over a Fountain* by veteran composer Wu Zujiang inspired by the melody of the work of the same title by late folk artist Hua Yanjun, and Dmitri Shostakovich's *Symphony No. 5 in D Minor*.

Another concert by the Youth Symphony Orchestra, formed by the teachers and students of the Central Conservatory of Music, displays well-defined style and adept skill.

■ Vocal music: Talented singers from various parts of the country, who have enjoyed a high reputation both at home and

abroad, display their unique styles both in Chinese and Western singing.

Local Operas

■ Beijing opera: Selected scenes presented by famous actors and actresses show the enchanting beauty of Beijing opera which is renowned throughout the country.

■ Sichuan opera: Sichuan opera is popular in southwest China's Sichuan Province and other parts of the country. It is famed for its exquisite performance, superb techniques and its sense of humour. *The White Snake* performance is unique and quite exquisite.

■ Chaozhou opera: This type of opera is widespread in some parts of Guangdong Province, south China. *Zhang Chunlang Cuts Hair* is the love story of the son of a prime minister and princess of ancient times. The plot of the opera is complicated, bold and unconstrained.

■ Henan opera is popular in Henan Province in central China. *The Stone Dream*, a folk comedy by contemporary writers, has strong audience appeal.

■ Shaoxing and Huangmei operas have been in vogue in east China and made rapid progress since the birth of New China in 1949. They are graceful, lyrical and vivid, enjoying wide popularity.

Dance

■ *Costume Dance* by the Shanghai Dance Drama Troupe shows the changes in China's ancient garments which relate closely to cultural changes. Audiences get a taste of the varied styles and national customs of the past and experience a true artistic enjoyment.

■ Dance drama *Bronze Sparrow Dancers* tells the story of two female dancers in ancient China. Performed by the China Opera and Ballet Theatre, the drama combines a moving and powerful plot with graceful, passionate dance movement.

■ Chime music. Bronze chimes were unearthed in the 2,400-year-old tomb of the King of Hui in Suixian County, central China. The musical instruments played in this performance are replicas of the 64 bronze chimes and several dozen other musical instruments. Contemporary composers have combined ancient materials with Western music and unsophisticated dance movement. The performances with bronze chimes have been well received by audiences over the past four years.

■ Ballets: The Central Ballet Theatre, a major ballet troupe in China, performs *Don Quixote* and a pas de deux created by Chinese artists from the adapted modern play *Sacrifice* and ancient play *Lindaiyu*. The ballet theatre also presents performances adapted from the Beijing opera *Picking Up Jade Bracelet* and other pieces such as *Mountain Forests*, *Yellow River* and *Fountain Edge*. From these performances the audiences can see the achievements of the Central Ballet Theatre in combining Western classics with Chinese national styles.

The Stuttgart Ballet Troupe from the Federal Republic of Germany performs *The Taming of the Shrew* by Shakespeare. This troupe made a big impression at its Chinese debut seven years ago with its performance of *Eugene Onegin*.

Music and Dance

■ The Ulanmuchi Art Troupe from the Inner Mongolia Autonomous Region has toured various parts of the region to give performances for the herdsmen and offer again pieces with distinctive national flavour and the new outlook of the Mongolian people.

■ Performances by industrial workers. These amateur performers from the Shoudu (Capital) Iron and Steel Company in Beijing formed their troupe only six months ago, but their performances are well received by the 120,000 workers and staff members at their company.

■ Performances by disabled people. The moving music, dances, mime shows and acrobatics given by a group of disabled people from Beijing reflect their highly artistic talents. Most of the performers have visited the United States, Japan and Yugoslavia.

■ Children's performances are full of the rich flavour of the times, national character and innocent, artless sentiment.

Other Performances

■ Acrobatics and conjurings are performed by 30 troupes of skilled artists. These performances won awards at the national competitions last April and at international contests in the last few years.

■ Balladry performances offer 22 items with varied themes and styles.

■ Puppet shows include string, glove and rod puppet shows by troupes from Beijing and east and southwest China. The visiting Soviet State Central Puppet Theatre performs *An Unusual Concert*.

■ Shadow plays are staged by theatres from north, central and south China. The shadow play has a history of 1,000 years. The artists use light to reflect themule-skin

figures on the screen and operate them to the music in a most impressive show.

Art Exhibitions

■ An exhibition of 2,000 fine art works from Hubei Province demonstrates the origins of culture, the history and customs of the ancient Chu state in the middle reaches of the Changjiang (Yangtze) River.

■ An exhibition of about 1,000 pieces of bronze, hangings from five minority nationalities and costumes of 24 minority nationalities in Yunnan Province illustrates the historical origins of the area.

■ A fine art exhibition sponsored by the China Folk Fine Arts Museum displays shadow play figures and puppets, New Year pictures, papercuts, coloured sculptures and facial makeups from Beijing and other local operas.

■ An exhibition sponsored by the same museum demonstrates the unique style of peasants' paintings which are full of the flavour of time.

■ An exhibition of traditional Chinese paintings, oil paintings, engravings and sculptures in different styles by various artists, old and young, housed in the Museum of Fine Arts.

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Inner Mongolia Scores Historic Progress

by Our Correspondent Lu Yun

Inner Mongolia, on the northern border of China, celebrated its 40th birthday in August this year and a delegation headed by Vice-President Ulanhu (Mongolian nationality) was sent by the central authorities to the region to mark the occasion. The celebration activities which included horse racing, wrestling and theatrical performances were permeated with the local people's joy over the great changes which have taken place in the region.

Attractive to both local and foreign visitors, Inner Mongolia boasts the largest grazing ground in China, as well as many historic sites and scenic spots. In the 13th century, the nomadic Mongols conquered and ruled China for about 100 years, and from this point their history became an important component of the history of China.

In the 1940s, Inner Mongolia suffered from colonial rule by the Japanese imperialists. When Japan announced its surrender in 1945, a small number of the local nobility sought independence for Inner Mongolia. The People's Liberation Army led by the Communist Party of China and the local armed forces composed mainly of Mongolians worked jointly to mobilize the masses against this plot, and finally frustrated their separatist action. On May 1, 1947, the Inner Mongolian Autonomous Region was founded, ending a period of oppression and slavery for the nationalities in Inner Mongolia and opening a new epoch in the region's history.

After the founding of the People's Republic of China in 1949, the central government carried out a policy geared to encourage regional autonomy in minority areas. There are now a

total of five autonomous regions at the provincial level in China: the Inner Mongolian, Tibetan, Guangxi Zhuang, Ningxia Hui and Xinjiang Uygur autonomous regions. In addition, China has 31 autonomous prefectures, 105 autonomous counties and 2,944 autonomous towns.

Initial Economic Prosperity

By the late 1950s socialist transformation of the economy of Inner Mongolia had been largely completed. The feudal society of the Mongolian nomadic people began to make way for a socialist society. The primitive society of the Oroqen people and some people of the Ewenki nationality also leapfrogged to socialism. This was followed by a gigantic struggle against poverty by peoples of various nationalities in the region. To encourage national equality, unity and common prosperity, the central government offered various minority areas preferential treatment, and organized their

people to work towards large-scale socialist construction. After 40 years of these efforts, a new Inner Mongolia has emerged.

Forty years ago, Inner Mongolia had no modern industry at all. It could not even make nails and matches. There were only six lorries and one bus in the region's capital Hohhot. Transportation was largely by means of camel and horse-drawn carts. Today, Inner Mongolia is a major producer of steel, coal, timber and livestock with many large and medium-sized enterprises in energy, metallurgy, machinery, chemicals, woollen and cotton textiles, and farm and livestock products. The whole region is served by a railway-highway system and a postal and telecommunications network. With the progress made in capital construction, Inner Mongolia's agricultural production and stock raising have become more specialized and commodity-oriented. Last year, the region's industrial output value topped 10 billion yuan, a

Hohhot, capital of Inner Mongolia.

YANG SHENHE



219-fold increase from 1947; the total output value for agriculture and animal husbandry has raised six times to reach 5.7 billion yuan.

Inner Mongolia's traditional economy, based on animal husbandry, has made rapid progress. In 1986 the region led the nation in its livestock numbers, one-third of which were improved breeds. Its production of semi-fine sheep wool, goat wool, cashmere and camel hair led the field in the nation. Four scientific and technological service systems specializing in pastureland construction, improving breeds of livestock, animal disease treatment and protection, and management have been set up. Inner Mongolia also has some of the world's most advanced research in test-tube baby sheep and the circulation of protein in the alimentary canal of sheep.

With the economic reforms in the rural and stock raising areas in Inner Mongolia, large numbers of small factories and workshops have been set up to take in surplus labour. In the last few years, 780,000 farmers and herdsmen, or 15.6 percent of the total workforce in the farming and stock raising areas, have been organized to

work in 220,000 township enterprises which turn out close to 1,000 products worth 37 percent of the region's total agricultural and livestock breeding output value. The township enterprises engage in scores of trades which fall into five categories: processing of farm produce and animal by-products, industry, building materials, transport and communications, and commerce. The most notable increases in production were in the gold, coal, dairy products, cement and red brick enterprises.

Improved Education

Training cadres from ethnic groups is of strategic importance and over the past 40 years large numbers of Mongolian cadres have undergone training.

Of the 20.29 million people in Inner Mongolia, 83 percent are Han and 14 percent (2.85 million) Mongolian. According to Chinese law, the main leaders of the government of an autonomous region should be chosen from the ethnic group for which the region is named. In the whole region, minority cadres number 125,000, or 21.8 percent of the total cadres in Inner Mongolia; they include



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A TV relay station in Inner Mongolia.

100,000 Mongolian cadres, or 17.7 percent of the total.

The autonomous region has set up Party schools and cadre schools at different levels. It has also opened 19 schools of higher learning. The number of secondary vocational schools, middle schools and primary schools rose 13-fold, 98-fold and 5-fold respectively over 1947. The proportion of students in the total population rose from 3.9 percent in 1947 to the present 20.3 percent. Today, one in every five Mongolians is a student. The local government stipulates that minority students in Inner Mongolia may be enrolled by universities with lower scores than Han students. As a result, for every 10,000 people in Inner Mongolia, about 24.2 are Mongolian university students, 19.9 are university students from other minority nationalities, and 14 are Han students. The proportion of minority associate professors, professors, researchers and research fellows in the region has now reached 16 percent, and that of engineers and lecturers, 14.8 percent.

In the last 40 years, the Mongolian language has been developed and perfected. A total

Vice-President Ulanhu (second right) meeting with model workers in Inner Mongolia.

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Summer Camping



A visit to a port.

Three boys try out the remote-control aircraft models they made.

WANG ENPU

Minority campers.

WANG ENPU

Enjoying camp life





WANG ENPU



Playing electronic toys.

WANG ENPU

Campers preparing their own meals.

WANG ENPU



WANG ENPU

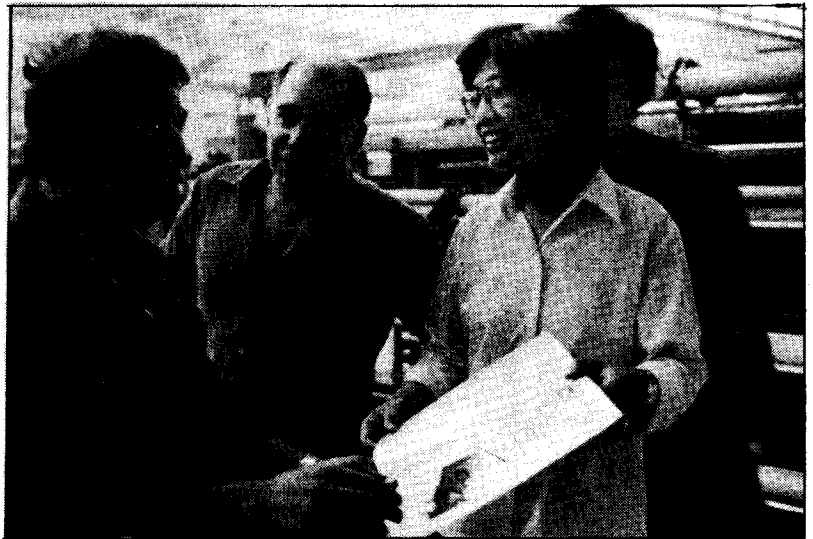


of 350,000 middle school and primary school pupils have been taught in the Mongolian language, an increase of 11 times the previous figures. The language is used in 27 secondary vocational schools, and nine schools of higher learning have a Mongolian language department. There are now more than 90 titles of university and college textbooks available in the Mongolian language.

Inner Mongolia now has 15 newspapers and 41 periodicals printed in Mongolian. The region has 11 radio stations broadcasting in the language and the broadcasting centres in all the 84 counties and banners offer Mongolian programmes. In addition, there are more than 50 art troupes in the region which give performances in Mongolian. The Inner Mongolia Art College has trained 1,100 Mongolian-speaking artists. There are now 2,000 full- and part-time Mongolian translators and interpreters working in the region, and 12 league-level cities and 53 county-level units have their own translation institutions. There are 20 titles of Mongolian reference books available, including a Mongolian-Chinese and a Chinese-Mongolian dictionary.

When the autonomous region was founded it had only 8,000 cadres and very few of them had scientific or technical training. In 1985, the number of scientific and technical workers in the region rose to 270,000, of whom 55,900 were Mongolian and from other minority nationalities. Half of the region's scientists and technicians are from other parts of China, and 120,000 are college graduates and post-graduates who came after 1977. By 1985, the region had 3,143 scientific research findings, of which 1,130 were major breakthroughs.

The newly published *Outstanding Scientists and Technicians in Inner Mongolia and Their Achievements* (Vol. 1) is a who's who of 270 winners of state invention



WU JIADU

Zhang Xiaofang (front right), director of Inner Mongolia's No. 1 Wool Mill, with visiting Italian workers who will install equipment at the mill.

prizes and first- and second- class prizes given by the autonomous region and ministries under the State Council. Of these, 84.4 percent are Han and 83.3 percent are from other parts of the country.

Xu Lingren, director of the region's scientific commission, volunteered to work in Inner Mongolia 34 years ago. She proposed and was entrusted with the founding of China's first grassland specialist group. The first group of students was enrolled in 1958, and three grassland improvement experiment stations were later established with her help. Xu and her colleagues have so far trained 574 grassland specialists.

Xurigan (Mongolian), an associate professor of the Inner Mongolia University's biology department, completed sheep external fertilization experiments during his doctoral studies in Japan in 1983. In March 1984, he succeeded in delivering the world's first test-tube goat on an experiment farm in Japan. At the moment, he is preparing to set up a reproduction laboratory at his university in the hope of applying his overseas achievements to his university's educational and research work.

Opening to the World

Inner Mongolia began to open its doors in the early 1980s. It has so far established economic and technological co-operative relations with all the other provinces and municipalities in the country and developed economic co-operation and trade with 59 countries and regions all over the world.

Although the region has made marked progress since it was founded 40 years ago, production levels are comparatively low due to both historical and environmental factors, as well as dated transportation and industrial systems. The introduction of the open policy has sped up the process of economic development. Many prosperous inland and coastal areas have offered consultancy services and a large number of scholars have come to give lectures. Sun Yueqi, a noted 90-year-old coal mining specialist, travelled to Inner Mongolia to inspect its mines and offer suggestions on the exploitation and application of local energy resources. Co-operative relations with over 250 places throughout the country have been established. More than 900

factories in the region have established 350 economic associations with some 1,000 enterprises in various parts of China. As a result of this co-operation, annual output from the factories was increased by 300 million yuan.

Ih Ju League imported a set of sheep wool carding equipment from Japan in 1981 through compensatory trade and founded China's largest cashmere sweater factory in Dongsheng. The factory has an investment capital of US\$13 million and is able to produce 510 tons of knitting yarn and 300,000 sweaters a year. The initial investment was totally recouped after its first year of production, and 80 percent of the factory's output has been ex-

ported. Inner Mongolia has already attracted US\$200 million in foreign investment for the installation of 56 production lines for metallurgy, leather processing, beer and Western suit manufacturing.

On the eve of the 40th anniversary of the autonomous region, a delegation from the People's Republic of Mongolia was invited to attend its celebration activities. During his meeting with the Mongolian guests, Vice-President Ulanhu explained China's ongoing economic reforms and open policy. He said, "Through the ages China and Mongolia had fraternal relations. We hope the two socialist countries can strengthen their mutual understanding and

friendship, learn from each other and achieve common progress, and further their co-operation in political, economic, cultural and other fields. China's open policy also aims to ensure a peaceful coexistence with the People's Republic of Mongolia. We not only think exchanges between the two governments necessary but also encourage friendly exchanges between the people. As Inner Mongolia neighbours the People's Republic of Mongolia, many of its residents have relatives in Mongolia, and they are free to visit them. We hope tourism and border trade can also flourish." The Mongolian guests shared Ulanhu's hopes for the growth of Mongolian-Chinese relations in the future. ■

THE ABC OF INVESTING IN CHINA (VIII)

Trade Union and Party Organizations

by Our Correspondent Yue Haitao

There are trade union organizations in all of China's enterprises, and foreign-funded enterprises are no exception.

According to China's trade union law, it is a political right of workers and staff in foreign-funded enterprises to establish their own trade union organizations. There is one national trade union organization in China—the All-China Federation of Trade Unions. It has a total membership of 73 million, and unions in all foreign-funded enterprises are its grass-roots organizations.

In joint ventures the union's major function is to co-ordinate the relations between the workers and employers, and protect the legitimate rights of the employees. The contract for the Tianjin-Astor Hotel, a joint venture between the Tianjin Hotel and Zapata (HK) Co., stipulated that all the original 190 members of staff of the

Tianjin Hotel would be employed in the new joint venture. However, during the training courses which preceded the opening, the Hong Kong side decided that some of the employees were unsuitable, so they sought to dismiss them.

The trade union of the hotel stood firm and explained to the Hong Kong side the advantages and disadvantages of keeping on the original staff. Although the veteran staff has less education than desired, they said, they had a

Zhang Yikai (centre), director of the Tianjin Foreign Investment Service Centre, talking with a Swedish businessman through an interpreter.

XUE CHAO



great deal of experience and a better sense of discipline. To continue to employ the old staff members was preferable. Meanwhile, the trade union made efforts to organize them into participating in the training to help them acquire the necessary skills to work in a modern hotel. Except for a very few who could not meet the requirements of their jobs, the rest were re-employed. After a probation period, the Hong Kong deputy general manager of the hotel pronounced himself satisfied with their work. He felt that keeping on the veteran staff did contribute to the initial success of the joint venture.

Another major task of the union in a foreign-funded enterprise is to sign contracts with the enterprise on behalf of the employees and supervise their implementation. The contracts include the terms of employment, the conditions for dismissal and resignation, duties, wages and bonuses, time of work and holidays, insurance and welfare, labour protection and discipline. Once signed and approved, the contracts are legally effective, and violations can be brought to a court of law.

"In China there are no disputes caused by antagonism between labour and capital," concluded Ji Chongwei, a ranking Chinese government official in charge of attracting foreign investment following a survey of foreign-funded enterprises throughout the country. In matters of personnel, trade unions and managers in foreign-funded enterprises are partners, not adversaries. Although China's law stipulates that a union has the right to object to unfair dismissal of workers and send representatives to discuss this with the managers, and to lodge an appeal with the local labour department for arbitration if the two sides cannot agree, such things have rarely taken place.

Generally speaking, trade unions in foreign-funded enterpr-



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Li Anguo, director of the Training Department of the Sino-US joint-venture Great Wall Hotel, lecturing department managers.

ises keep in mind the need to safeguard the interests of the enterprise, and have been co-operative with the board of directors and general managers in the appropriate exercise of their administrative power. In the first 28 months of operation of the China Hotel in Guangzhou, a joint venture between the Yangcheng Service Development Company of Guangzhou and the Hopewell Holdings Limited in Hong Kong, its General Manager Joachim Burger, who is from the Federal Republic of Germany, fired more than 200 employees. The trade union did not object for it was all done within the rules. The union actually helped the general manager better exercise his administrative power.

One characteristic of China's socialist system is the protection of the rights and interests of workers. Trade unions in foreign-funded enterprises have the right to supervise the board of directors and the managers' implementation of the legal provisions on labour protection and insurance enacted by the Chinese government. They may also demand a halt to working overtime in pursuit of high profits, and forbid the

administrative personnel to beat or insult the workers.

In the Tianjin Liming Cosmetics Joint Industrial Co., a joint venture between China and the Federal Republic of Germany, a foreign manager cursed a Chinese worker who violated the rules for operating machines. When leaders of the trade union heard of this, they criticized the manager and reminded him that Chinese workers were not only labourers but masters of the state. They pointed out that an infraction of the rules could be dealt with within the rules, but one was never to insult a worker. Later, the manager apologized and the worker was disciplined. This helped ease the tension and prevent any similar occurrence.

According to Chinese law, trade union representatives have the right to attend board meetings as non-voting delegates and report to the management any suggestions or demands from the employees on such matters as development plans, production, incentives, wages and welfare. Usually, these opinions are heeded. As for the trade unions, they take care not to meddle in the normal decision making of the board.

Chinese workers have a good sense of discipline and are keen to learn, but their educational level and productivity are low. It is an important task for the trade union to organize training for the employees. Experience has proved that such efforts are conducive to raising production.

For instance, the trade union in the Sino-French Winery Co. in Tianjin has helped the managers invite university professors and lecturers to brief the workers about wine making and wine making machinery. It has also helped send technical personnel to study abroad or in Chinese universities; and given financial assistance to workers who pursue spare time education. A considerable number of workers in the company now know how to install the machines they work with as well as maintaining them, and can solve problems as they arise.

Often the trade union sponsors cultural, sport and recreational activities. The experience of some Sino-foreign joint ventures in Tianjin indicates that such activities are conducive to the technological progress of the enterprise and can strengthen contacts and understanding between Chinese workers and the foreign staff, making their leisure time more enjoyable and meaningful. More importantly, such activities can give the workers a

better impression of their enterprise. An article in the *Wall Street Journal* last year stressed that this is a useful thing for foreigners doing business in China to remember.

Communist Party organizations may also be found in Sino-foreign joint ventures. The Party Constitution stipulates, "Primary Party organizations are formed in factories, shops,... where there are three or more full Party members."

In the 35 Sino-foreign joint ventures in operation in Tianjin, there are 652 Party members, accounting for 13.4 percent of the total number of employees. Primary Party organizations have already been formed in 14 of the enterprises.

For a while, Party organizations in some joint ventures interfered too much in management, raising the hackles of foreign partners. For instance, foreign staff in the Beijing Jeep Corp. called the factory's former Party committee secretary "Mr. Trouble."

The situation changed since the Chinese government issued its Regulations to Encourage Foreign Investment on October 11 last year. In the document, the government reiterates that the highest organ of power in a Sino-foreign joint venture is the board of directors and state law does not allow any other organization to set

itself up to infringe on the rights of the shareholders.

In addition, the Chinese Communist Party has also enacted corresponding stipulations, which say that all Party organizations and Party members should unconditionally support and implement the Party Central Committee's open policy. Once the board of director in a Sino-foreign joint venture makes a decision, the Party organization there should mobilize all Party members to take the lead in carrying it out.

On July 2, State Councillor Gu Mu once again stressed at a national forum on the management of foreign-invested enterprises that the Chinese government extends to Sino-foreign joint ventures full power in personnel, financial and material affairs and no organization may impede them for any reason.

To ensure that this is fully implemented, the government has set up an organization specifically to check the situation in the more than 3,000 joint ventures in operation. All the problems which were discovered have been dealt with.

A recent report on US investment in China published abroad said, "That 'mister' who often made trouble in the Beijing Jeep Corp. has disappeared." ■

(Continued from Page 13)

US Influence

the United States, the region's largest creditor and export market, has adopted a cold and tough attitude towards some rational propositions put forward by Latin American nations. These include holding talks, bearing joint responsibility for debts, easing the debt burden and abandoning trade protectionism. The US refusal to consider these proposals has caused discontent in Latin America. To protect their

common interests, Latin American nations are strengthening themselves through unity, co-operation and taking joint stands. They formed the Contadora and Lima groups to try to solve the Central American problem and the Cartagena Group for consultations on debt matters.

At a recent meeting in Brazil, the foreign ministers of the Contadora and Lima groups decided to convene a summit of the eight members to systematize their work. This will break the convention of all American

summits being sponsored by the United States and will have a profound effect on US-Latin American relations.

But dramatic changes in relations are unlikely to take place quickly because of the long-existing problems and complicated contradictions in Central America, the great difficulties of Latin American nations, and the still substantial influence of the United States. What is certain is that Latin America is becoming stronger and more unified.

by Zhu Mangting

China's Balance of Payments in 1982-86

China's balance of international payments has increased sharply since 1983. The change falls into three main stages.

— From 1982-84, China's economic development was stable and there was a foreign trade surplus. As a result, foreign exchange reserves increased, making it possible for China to repay in advance loans from international monetary organizations.

— Between October 1984 and June 1985, China stroved for extremely high-speed development of the national economy. This, plus loose management and poor supervision, led to a rapid increase in imports. The result was a huge deficit in the current account, and a shift in the capital account from deficit to a large surplus. Foreign exchange reserves also dropped heavily.

— During the six-month period between July and December of 1986, the Chinese government adopted measures to encourage export and severely restrict all unnecessary imports. As a result, in spite of the slump in oil prices on the international market, Chinese exports in 1986 rose by 2.6 percent from the 1985 figure, and Chinese imports decreased by 9 percent. The trade deficit fell by US\$4 billion. Meanwhile, the scope for foreign capital absorbed

	Balance of Payments		1982-1986		US\$million
	1982	1983	1984	1985	1986
A. Current account	5,674	4,240	2,030	-11,417	-7,034
1. Merchandise	4,249	1,990	14	-13,123	-9,140
Export (F.O.B.)	21,125	20,707	23,905	25,108	25,756
Import (F.O.B.)	16,876	18,717	23,891	38,231	34,896
2. Services	939	1,739	1,574	1,463	1,727
Total Cr.	3,604	4,028	4,819	4,532	4,927
Total De.	2,665	2,289	3,245	3,069	3,200
3. Unrequited Transfers (Net)	486	511	442	243	379
Private Sector	530	436	305	171	255
Public Sector	-44	75	137	72	124
B. Capital Account	338	-226	-1,003	8,972	5,943
1. Long-term Capital	389	49	-113	6,701	8,238
Inflow	3,312	2,702	4,128	9,531	11,393
Outflow	2,923	2,653	4,241	2,830	3,155
2. Short-term Capital	-51	-275	-890	2,271	-2,295
Inflow	244	59	223	11,346	9,343
Outflow	295	334	1,113	9,075	11,638
C. Errors and Omissions	279	-366	-932	92	-184
D. Change in Reserve.	6,291	-3,648	-95	2,353	1,275

Remarks

1. Trade figures have been readjusted in accordance with China's balance of international payments, on the basis of statistics from the Customs.
2. Labour services include cargo freight charges, insurance premiums, income from harbour supply and service, as well as income from investment, bank interest, etc.
3. Gratuitous transfers include aid and donations to China from international organizations and foreign governments, as well as income from overseas remittance and the domestic budget.
4. Long-term capital refers to capital (such as company stock) borrowed over a repayment period of more than one year according to a written contract or for an unspecified repayment period. It includes direct investment, investment with securities, loans from international organizations, foreign government loans, bank loans, money borrowed by departments and localities, deferred payments, processing and installing costs, and compensatory trade which requires payment for equipment and loans to overseas businessmen.
5. Short-term capital refers to capital requiring immediate cash payment and capital with a stipulated repayment period of one year or less than one year. It includes cash items such as bank loans, money borrowed by departments and localities, deferred payments, payments to foreign businessmen involved in processing and installing operations and compensation for their equipment, loans and other expenses.
6. Errors and omissions refer to differences between the current and capital accounts, and increased or decreased reserve capital.
7. Changes in the reserve reflect the balance in China's gold, foreign exchange and cash reserves and Special Drawing Rights in fund organizations, and the difference between remaining money at the end of the year and remaining money for the end of the previous year.

Hammer to Discuss Two More Mines

US businessman Armand Hammer will meet Chinese authorities this week to discuss two more coal mines in Pinglu and Shuoxian counties, Shanxi Province, where the Antaibao Mine is just starting up. More than 90 percent of the coal would be exported.

The area has far more coal reserves than those being exploited at the Antaibao Surface Mine, Hammer said in a Los Angeles interview before leaving for Beijing. He said he hopes to sign a letter of intent with the Chinese government on the second and third phases of mine construction in the Pinglu-Shuoxian area during his visit, which starts on September 9. The two mines to be completed during

the second and third phases would each add 15 million tons of production capacity to the present 15 million tons at the Antaibao Mine.

Hammer said he is scheduled to visit the Antaibao Mine with Chinese Vice-Premier Li Peng to see the first shipment of coal to Hong Kong. Investment in the mine, which took two years to put in production, totalled US\$1 billion. The project is the largest joint venture in China.

"China has great prospects for investment," Hammer said. "The country has 1 billion people. It needs everything. We have the brightest hope for China."

Recalling his first meeting with Chinese leader Deng Xiaoping in

Houston, Texas, in 1979, Hammer said Deng asked him to help China since he had helped Lenin in the early 1920s. Hammer asked Deng whether there would be any problem landing his private plane in China. Deng told him to send a telegramme before coming and he would personally make all the arrangements.

A visit of 16 executives from Occidental Petroleum Corporation, headed by Hammer, followed, and he has been visiting China and seeing Deng and other Chinese leaders ever since.

Hammer's autobiography is currently a best seller in the United States. It describes his career as an industrialist and private-citizen diplomat making peace between East and West.

by Zhao Yihe

by China expanded. All these factors combined to reduce the international payments deficit and China's international accounts began to balance out.

From 1982 to 1986, China's external trade and gratuitous transfer showed a surplus. The non-trade surplus for 1986 was US\$1.727 billion, US\$300 million more than in 1985, and the increase played a major role in improving the country's balance of international payments.

The capital account serves as a mirror for changes in China's foreign debts and financial position. Between 1982 and 1984, the capital account moved from surplus to deficit. In 1985, China stepped up its efforts to import foreign capital, increasing the surplus in the capital account for the same year. In 1986, the capital income was rationalized, increasing the long-term capital surplus, and short-term capital moved from surplus to deficit. ■

China to Expand Iron, Steel Industry

Next year China will spend several billion US dollars from overseas investors to expand four iron and steel enterprises in a bid to raise the country's output of iron and steel. Bai Baohua, general manager of China International Iron and Steel Investment Corp., recently announced the plan but would not reveal the exact cost of the projects. The cost of the projects is expected to account for half of the total investment.

According to Bai, enterprises to receive funds include the Laiwu Iron and Steel Plant in Shandong, the Shanghai Meishan Metallurgical Co., the Wuhan Iron and Steel Co. and the Anshan Iron and Steel Co. in Liaoning Province.

The four expansion projects are expected to be completed in 1993. Wuhan's project is estimated to cost a total 8.2 billion yuan (about

US\$2.2 billion) which will include the installation of a new 3,200 cubic-metre blast furnace, two 250-ton converters, two coke ovens and one sintering machine. The annual output of Wuhan's iron and steel is expected to rise from 4 to 7 million tons after completion of the project. The output of thin steel sheet, silicon steel plate, tin plate, galvanized sheet and colour-coated plate, which are in great demand by the state, will also increase considerably.

Bai said China will invite bids on equipment and start soliciting overseas capital during the first half of next year. The funds raised will include governmental loans, loans from the World Bank, the Asian Development Bank and the Overseas Economic Co-operative Fund of Japan, buyer's and seller's loans, commercial loans and stock issued abroad. ■

Minority Artists Impress Beijing

Hand in hand, a crowd of delightful girls danced to their hearts' content, sometimes gathering into a ball, sometimes expanding to form a ring or an oblong. They danced on the spot one moment, and twirled the next. Finally they closed into a knot, with a boy's sweet-heart in it. The lad could meet his sweet-heart only if he could untie the knot by his wits. The girls threw out countless invisible threads, which the boy couldn't get hold of; instead, they entangled him. He was worried. What could he do? Suddenly, the clever boy remembered his faithful friend—the *lusheng*, a reed-pipe wind instrument. It is said that on hearing the sound of the *lusheng*, girls cannot refrain from dancing. As expected, the girls were completely enchanted by the melodious tunes played by the boy on the *lusheng*. Gradually, the girls lost their power to resist the magical sound and the knot was finally untied. When they realized what had happened, they found the boy holding his sweet-heart in his arms.

This was the scene of a dance called *Untying the Knot*, performed recently in Beijing by the Bai

Autonomous Prefecture Song and Dance Ensemble of Dali, Yunnan Province, in southwest China.

Dali is a place of beautiful green plateaus dotted with valleys of varying shapes and sizes, where members of the Bai, Yi, Hui, Miao, Tai and other national minorities live in compact communities.

Dali was the capital of two local regimes—the Nanzhao State and the Dali State—both under the jurisdiction of central China royal court. The area has many cultural relics and historical sites, including Buddhist pagodas, engraved stone tablets, palaces and temples from various dynasties. Today, traditional Bai music, dances, drama and fine art still show the influence of Buddhist arts.

Another dance *Pu Sa Man* performed in Beijing, based on historical records of Nanzhao music and dance, imitates the image of slender-waisted statue of Goddess of Mercy (Avalokitesvara) which was found in a grotto dating back to the ancient Dali regime. (The Goddess of Mercy could have reached nirvana but delayed doing so through compassion for human suffering). The

dance creates the refined, aloof image of the Goddess of Mercy through dancers' hand gestures and gentle dancing movements.

Folk singing is the most popular art form in the Dali area. Almost all Bai men and women, old and young, like to sing folk songs. Parents even use them to educate their children. Known as the "tune of Bai nationality," the effects of the songs can be resonant and bold, or sad and moving. The Bai people have developed a wide variety of folk songs, including songs sung in the fields during or after work, love songs, songs about folk customs, songs of praise, children's songs and humorous songs that use words in senses opposite to the usual meaning. The songs embody the bright, lively and humorous character of the Bai people. The ensemble that performed in Beijing sang a variety of folk songs.

Like many other national minorities, Bai youth like to express their deepest sentiments through responsive singing. But the Bais do not limit the technique to love affairs. Responsive, or antiphonal, singing is also accepted by people of all ages as a kind of knowledge or intelligence test. When a Bai woman has a musical dialogue with a man, her husband often stands beside her to give advice. This adds to the fun. Antiphonal singing among the Bais does not follow the question-

Miao dance "Untying the Knot."

XU XIANGJUN



"Pu Sa Man"—a Nanzhao dance.





"Pinching the Bride."

and-answer form. The winners are those who can sing something that dovetails with what their counterparts have sung and who can correctly use the fixed rhymes. When singers are well-matched a contest can go on for several days and nights. The Bai troupe's performance of *Two Flowers Bloom Forever* reproduced a scene of antiphonal singing.

The Bais' sense of humour comes out best in their wedding

ceremonies. The traditional ceremony is very jolly, but complex. The night before the wedding, the couple's relatives gather at the future bridegroom's home, sitting at long tables or by the fire, and enjoying folk entertainment until the next morning. On the day of wedding, the tearful bride bids farewell to her parents, brothers and sisters. Before she can be greeted by the groom, the bride's and groom's attendants surround

the bride. They strew puffed rice at and pinch her. The more bashful she is, the more she will be pinched. After the newly married couple entered the bridal chamber, their companions dust the stove with chili powder, giving the bride and groom a bad cough. At the wedding banquet, the couple may be fooled into eating pepper and Chinese prickly ash mixed in meat and wine. This makes them look foolish before the guests. *La* (hot) is the homophone of affection in the Bai language, while *ma* (spicy) is the homophone of wealth. Thus the Bais make good-natured fun of the bride and groom. The next day, relatives of both families are treated to a fish soup prepared by the bride to show her cooking skill. Three to six days after the wedding, the bride returns to her family, accompanied by her husband. A week after the wedding, the couple goes to a temple to offer sacrifices to gods or ancestors. That marks the end of the wedding ceremony. The troupe's performance of *Pinching the Bride* vividly portrayed in songs and actions the lively Bai wedding ceremony.

by Hong Lanxing

Golden Monkeys Studied in Yunnan

Researcher at the Kunming Institute of Zoology, an affiliate of the Chinese Academy of Sciences, have determined that Yunnan golden monkeys are a well-developed primate on the evolutionary scale.

In China, golden monkeys are called "the second state treasure." Their status is second only to the panda. There are four species: Sichuan, Guizhou and Yunnan monkeys in China and a fourth species found in Viet Nam.

In 1889, the French zoologist Nadanlal Atal published a report on Yunnan golden monkeys. But

there were no subsequent records of the Yunnan monkey and for years it was believed to be extinct. Studies relied solely on historical data and furs collected by local people. In 1962 Peng Hongshou of the Kunming Institute of Zoology reported signs of the monkey, and in 1979, Li Zhixiang from the same institute got a sample of the monkey during a survey.

In the past two years, researchers from the institute have obtained data on the numbers and distribution of Yunnan golden monkeys, as well as on their body structure, eating and breeding

habits and mode of life in their natural environment. The information obtained is valuable for both the protection of the monkeys and international studies on primates.

In March this year, researchers from the institute caught four golden monkeys. The animals were found in Weixi Lisu Autonomous County, 400 kilometres northwest of Kunming, the capital of Yunnan Province. On April 29, researchers dissected one of the monkeys after it died from an illness. The operation revealed many things that were previously unknown. It showed that the

monkey had many similarities to anthropoid apes and men and many characteristics that other monkeys lack. Its brain was more highly developed than other monkey species, resembling in some ways the brain of an ape. Considered a species between the four-foot rhesus monkey and long-armed gibbon, Yunnan golden monkey is suited to living on the ground as well as in trees, more to the former from its skeleton characteristics.

The operation revealed that the Yunnan golden monkey has 44 chromosomes and two nucleolus structures, its hemoglobin is 18.4 gramme per 100 millilitres, and it has 5.78 million red blood cells per cubic millimetre. This may explain why it can live above the snow line on mountains. ■

Applying Computers in Chemical Field

Although people can perceive and analyse phenomena, their abilities are limited. And when it comes to complicated phenomena that are determined by multiple factors, the human brain may require the help of computers," said Chen Nianyi, a professor at the Shanghai Institute of Metallurgy, an affiliate of the Chinese Academy of Sciences. Chen, who was attending the Eighth International Conference on Computers in Chemical Research and Education in Beijing, spoke about his research on chemical pattern recognition.

"Take beer for example," he said, "although beer may be made from the same materials and through the same brewing process, each time it is produced, the flavour varies. This is because the alcohol content, consistency, colour, acidity, and the quantities of diacetyl and picric acid cannot possibly be the same in different batches of beer."

The traditional way to evaluate

the quality of beer is through tasting by connoisseurs. But Chen and his co-workers used computers to make a multi-factor analysis that can evaluate the taste of the beer and determine the factors that influence the flavour. The analysis was used to improve the quality of beer.

Pattern recognition has been used to investigate the rules and conditions governing the formation of intermetallic compounds. Based on the findings, computers have predicted the existence of some unknown compounds and new compounds have been discovered based on the predictions.

In 1984, the Shanghai Institute of Metallurgy, in co-operation with the Gaoqiao Chemical Plant, applied the pattern recognition method to plant records in an effort to optimize production. They used the method to improve butadiene rubber production and ethylbenzene production. As a result, the plant increased its profit by more than 1 million yuan a year, while the proportion of high-quality rubber products rose from 71 percent to 94 percent.

The application of the pattern recognition method has also been a success at a Shanghai pharmaceutical factory. In producing penicillin, glucose is used to ferment bacteria. The process of fermentation takes about 150 hours, and each hour, glucose has to be added into the fermenting bacteria. Although workers have accumulated a vast amount of information on the quantity of glucose to be added at each stage, output still fluctuates. The factory used the pattern recognition method to help find the optimum curve for adding glucose. Since then, penicillin output has risen by 8 to 9 percent.

Chen said that in recent years, the institute has helped seven factories improve product quality and solve problems such as how to reduce energy consumption, saving the state a total of 20 million yuan.

Pattern recognition is also useful in geological exploration and the hunt for oil. The technique was recently used to analyse and evaluate data from the surface and satellite remote sensing of a tin mine in China's southern Guangxi Zhuang Autonomous Region. The findings confirmed that there was a bigger tin deposit under the mine and in its peripheral area, and exploration could be fruitfully expanded.

Research is currently being conducted on the use of pattern recognition in the prevention and early diagnosis of cancer. By the method, blood curves can be used to get information of liver cancer. The method has also been applied to analyse data on trace elements in hair that can differentiate patients in the early stage of lung cancer from other people.

The conference on computers in chemistry, which took place in June, was attended by more than 70 foreign experts from 18 countries and regions and 150 Chinese experts. Delegates heard a lecture by Tang Youqi, president of the Chinese Chemical Society and a professor at Beijing University, on China's achievements of computer application and artificial intelligence in structural chemistry, chemical data banks, quantum chemistry and education of chemistry.

Chinese chemists are using advanced computer programmes in quantum chemistry, and have made efforts to improve and develop new computer programmes. The Institute of Chemistry, Institute of Chemical Metallurgy, Institute of Electronics under the Chinese Academy of Sciences and Beijing University have worked together to develop a computer programme package for crystal structure determination and the various processes of quantum chemistry. The package can be used to study the relationship between the structure and effect of drug molecules.

by Wei Liming

Business and Trade

September 8-12. Beijing Exhibition Centre. International Heating and Cooling System Equipment and Technology Exhibition (China Refrigeration '87). Sponsored by the China Council for the Promotion of International Trade (CCPIT), Beijing Branch. Participants from Japan, the United States, Eastern and Western Europe, and Hong Kong.

September 14-20. Beijing Exhibition Centre. International Clothing and Decoration Equipment Exhibition (China Clothing). Sponsored by Hong Kong Exposition Ltd. Participants from France, Britain, Italy, Japan, the United States and Hong Kong.

September 17-30. Beijing Exhibition Centre. Beijing International Tobacco Exhibition. Sponsored by CCPIT Beijing Branch. Participants from Japan, Britain and the United States.

September 19-24. Shanghai. International Port Equipment and Modern Management Technology Exchange Fair. Sponsored by CCPIT Shanghai Branch and the Chinese Association of Ports. Participants from the United States, Britain, Japan, Italy and Hong Kong.

Late September. Tianjin. International Sea and Land Transport Technology Exhibition. Sponsored by the Tianjin International Exhibition Company. Participants from Japan, the United States, Federal Germany, France, Finland and Hong Kong.

October 9-15. Beijing Exhibition Centre. Beijing International Exhibition of Educational Equipment and Scientific Research Instruments (Eduquipex '87). Sponsored by Sun Hung Kai International Services Ltd. (Hong Kong). Participants from the United States, Britain, France, Japan and Hong Kong.

October 14-20. China International Exhibition Centre in Beijing. International Aviation

Exhibition (Aviation China '87). Sponsored by China Promotion Ltd. (Hong Kong). Participants from the United States, Britain, France, Japan, Federal Germany and Hong Kong.

Science and Technology

September 7-11. Beijing. Second International Conference on Coastal & Port Engineering in Developing Countries. Sponsored by the China International Conference Centre for Science and Technology.

September 14-18. Beijing, China International Conference Centre for science and Technology. Executive Committee Meeting of the International Union of the Psychological Society.

September 15-18. Beijing, China International Conference Centre for Science and Technology. The 16th International Conference on Noise Control Engineering.

October 5. Hangzhou. International Symposium on High and Stable Yield Paddy Rice. Sponsored by the International Rice Institute under the Chinese Academy of Agricultural Sciences.

October 12. Beijing. Symposium on the Origin of Palaeovertebrates and Four-Limb Animals and Ancient Geography. Sponsored by the Chinese Society of Palaeontology.

October 12-15. Beijing. International Symposium on Pyrotechnics and Explosives. Sponsored by the China Ordnance Society.

October 13-17. Nanjing. China Picture Coding Bilateral Conference. Sponsored by the China Institute of Telecommunications.

Cultural Exchanges

August 29-October 29. Beijing. International Animated Cartoon Show. Sponsored by the China Soong Ching Ling Foundation and the Beijing Television Station. Participants from Federal Ger-

many, Hungary, Poland, the United States, the Soviet Union, Brazil and 14 other countries and regions.

September 3-26. Performances by the 40-member Soviet State Central Puppet Theatre.

September 5-19. Visit by a Czechoslovakian cultural delegation.

September 7-14. Visit by chairman of the Federation of the Egyptian Art Trade Union and his wife.

September 8-22. Visit by the Argentine Government Cultural Delegation.

September 11-23. Performances by a 112-member ballet from Federal Germany.

September 16-October 2. Visit by the Burmese Cultural Delegation headed by the Burmese Vice-Minister of Culture.

September 21-28. Dunhuang, Gansu Province. International Symposium on Mogao Grottoes in Gansu's Dunhuang. To be attended by more than 80 scholars and experts from France, Britain, the United States, Japan, Federal Germany, India, Canada and Singapore.

September 20-October 2. Beijing Music Hall. Performances by a 7-member music group from Australia.

September. Beijing. Chinese Art Festival. To be attended by 12 artists from the Soviet Union, France, Federal Germany and other countries.

Late October. Shijiazhuang, Hebei Province. China Wujiao International Acrobatic Festival. Sponsored by the Hebei Association of Cultural Exchanges With Foreign Countries and the Chinese Acrobats Association.

Sports

Late September. Beijing, Nanjing and Hangzhou. International Track and Field Invitational Tournament.



China National Cereals, Oils & Foodstuffs Import & Export Corporation, Heilongjiang Branch

China National Cereals, Oils & Foodstuffs Import & Export Corporation Heilongjiang Branch was established on November 5, 1954. For decades our corporation has, on the basis of equality and mutual benefit, actively developed the foreign trade business of our province's cereals, oils and foodstuffs.

Our corporation has 14 local branches, 3 affiliated enterprises, four port offices and over 60 county stations with over 2,500 staff.

The Heilongjiang Cereals, Oils & Foodstuffs Import & Export Corporation mainly handles over 200 kinds of commodities which include:

Cereals & Oils: soyabeans, various kidney beans, assorted beans, castorseed, sunflower seed, hemp seed, perillaseed; sunflower seed oil, maize embryo oil, edible oils.

Fodder: soyabean dregs, soyabean cake bits, wheat bran, etc.

Hong Mei brand canned food: varieties of canned pork, beef and mutton, salted red bean, soyabean in tomato sauce, tomato sauce and other vegetables.

Wild vegetables: salted bracken, dried osmund.

Frozen meat: beef parts, mutton, beef bone-in, horse meat, rabbit meat, broilers, geese, stuffed duck.

Frozen wild game: pheasants, hazel grouse, rice birds, deer, roe deer, wild boar.

Hong Mei brand candies: royal jelly drops, black currant candy, various crystal candies, milk candies, toffee, and peppermint sweets.

Hong Mei brand wines: wild grape wine, Chinese Ben wine.

Hong Mei brand milk products: whole milk powder and sweetened condensed milk.

Aquatic products: sturgeon, salmon, sturgeon caviar and salmon roe.

Our corporation has now established trade relations with 286 companies in 36 countries and regions.

Our corporation hopes to expand our business transactions, further promote friendship and develop trade in cereals, oils and foodstuffs with counterparts from all countries in the world.

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ART PAGE

Watercolours by Zhu Junxian

Zhu Junxian, born in 1943 in Zhejiang Province, now teaches at the Beijing College of Industry.

He specializes in Chinese style watercolour. Here are two watercolour landscapes.

