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Deng's Ideas on Political Restructuring

Socialism Vs. Egalitarianism





Young bronco—An intrepid young chess player.

Zhu Zhenjun

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COVER: The Yanshan Petrochemical Company in Beijing imported advanced US technology and equipment for producing a highly efficient, low-toxicity insecticide. Technicians from both sides discuss production problems.

Sun Yi

HIGHLIGHTS OF THE WEEK

Deng's Ideas on Political Restructuring

■ The aims and reasons behind China's political restructuring were discussed in the article "Why Deng Stresses Political Restructuring" in our last issue. Here we look at what is involved in the reform and how it should be carried out (p. 14).

The Role of Private Enterprises

■ Private enterprises have in recent years emerged as complements to the socialist economy, promoting the development of productive forces and satisfying diverse social needs. The government's attitude towards them is to allow their existence, protect their legal rights and provide systematic guidance. Guided by such policies, they can facilitate socialist modernization without leading to capitalism (p. 4).

Socialism Vs Egalitarianism

■ Liu Guoguang, vice-president of China's Academy of Social Sciences, discusses the differences between socialism and egalitarianism from both theoretical and practical standpoints. Liu notes that socialist principles of distribution according to work recognize differences in the labour capacity and contributions and hence, the incomes. It is incompatible with egalitarianism; socialism promotes the development of productive forces, whereas egalitarianism hinders them (p. 16).

Open Policy Boosts Technical Growth

■ In this article, Bai Yiyan, an official of the National Research Centre for Science and Technology Development, underlines the importance of technological imports as a boost to China's economy and technological development. Bai observes some of the problems to come out of the process of reform, but expresses his confidence in further reforms to overcome them (p. 18).

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The Role of Private Enterprises

by Zhang Zeyu

Private enterprises have appeared in the past few years. They are joining the ranks of state-owned enterprises, collective enterprises, joint and co-operative Sino-foreign enterprises, wholly foreign-owned enterprises and individual industrial and commercial enterprises to form a multi-layered ownership system.

Unlike individually operated businesses which employ only a few assistants or apprentices, private enterprises hire up to several dozen or even more people.

Will the emergence of private enterprises in China lead to capitalism? What are the policies of the Chinese Communist Party and government towards private enterprises? These are questions which concern both Chinese and foreigners.

Private enterprises have emerged on the basis of the development of the individual economy.

Since 1979, following the implementation of policies to stimulate the domestic economy and open to the outside world, China has allowed the presence of individual economies and protects their legal rights. Rural household enterprises and individually operated businesses have sprung up one after another, and the individual urban economy has also developed. This new development has helped boost the growth of productive forces and satisfy diverse social needs. Around 1981, large-scale private businesses began to emerge in rural areas, and later in urban areas.

For a while opinions differ on how to treat the newly emerged private enterprises and whether they should be given legal status. The Party and government adopted a prudent, "wait and see"

attitude. They neither banned nor publicized them. It was under such circumstances that individually operated businesses continued to expand their scale of management.

China's current policy towards private enterprises is to "allow their existence, promote their advantages, restrict their disadvantages, provide systematic guidance and improve supervision over them." Their business will be respected and their legal rights and interests protected.

Experience over the last few years has shown that, like individually operated businesses, private enterprises, which serve to supplement the socialist economy, facilitate the integration of funds, technology and labour, quickly lead to the formation of productive forces and help train business operators. The social and economic benefits arising from private enterprises have led to a more unified understanding of their role.

The emergence of private enterprises, in a sense, is almost unavoidable, because the individual economy will inevitably give rise to a group of successful individual businesses. They will accumulate more funds, expand production and increase their labour force. Party and government policies are unshakable in leading farmers and individual

labourers towards a co-operative economy, but its organization must cater for the interests of all parties and thus requires the establishment of a contractual relationship. The development of such a system cannot be easily achieved in a short period of time, and for that reason, rural private enterprises have developed over the last nine years.

China is now in its primary stage of socialism; the adoption of diversified economic structures predominated by public ownership conforms to the country's low productivity and is conducive to a rapid growth of productive forces.

China has a large population but limited cultivated land. In order to raise productivity and combat rural poverty and backwardness, it is necessary to gradually transfer hundreds of millions of labourers from crop cultivation and aquaculture to non-agricultural enterprises. This goal cannot be achieved simply by running state and collective economies. It can be realized only by adopting diverse economic forms such as individually operated businesses and private enterprises which can absorb a large labour force.

Unlike private enterprises in capitalist societies, China's private enterprises are born in a socialist environment. They therefore have various ties with the public economy and are affected by the principles guiding socialist political relations. To adapt to China's specific conditions, some private enterprises have introduced such measures as opening share sales to workers, division of labour, democratic management and retaining public accumulation funds. These practices have actually injected co-operative



economic elements into the enterprises.

Private enterprises conflict with public economies and have certain inherent drawbacks mainly in terms of the great disparity in income distribution, which can be regulated through management and legislation.

China's current policy towards private enterprises is to "allow their existence, strengthen management, promote their advantages and restrict their disadvantages, and provide systematic guidance." Their business forms will be respected and their legal rights and interests protected. No limits are set on capital and workforce, but their incomes are regulated in accordance with income tax laws, thus avoiding large differences between the incomes of the owners and the ordinary workers.

The dominant position of China's socialist public economy is firmly established and will continue to strengthen in the future. At present, the private economy is only a very small entity (in 1986 the combined output value of private and individually operated businesses accounted for only 2 percent of the total industrial output value and 16 percent of total retail commodity sales). As long as it is guided by sound policies, the private economy will continue to develop and help facilitate socialist modernization. It will not lead to capitalism. ■

More Investment in Fixed Assets

Eight years of economic reform have brought about major changes in China. The country's investment in fixed assets in the past eight years exceeded the total for the previous 26 years.

Figures recently released by the State Statistical Bureau show that total investment in fixed assets for the 1979-86 period was 1,280 billion yuan (about US\$346 billion). Of the total, 875.5 billion yuan went to state-owned enterprises, 111 billion yuan more than in the previous 26 years. The value of fixed assets added reached 661.1 billion yuan, almost 1.5 times the total assets of state-owned enterprises in 1978.

Collective and individually owned enterprises also did their part. Their investment in fixed assets was 400 billion yuan, bringing their proportion of total investment in fixed assets in China to 34.5 percent in 1986 from 18.1 percent in 1980. At the same time, more sources of investment have developed as a result of the country's reform policies. These include banks, local governments and foreign investors. From 1979 to 1986, the equivalent of 51.8 billion yuan in foreign funds was invested in fixed assets.

Economists in Beijing say the most significant achievement of the recent period has been the establishment of correct ratios among the different kinds of investment and investment in various sectors and areas.

In the past, they say, state money was mainly put into capital construction projects, but now it is also being used for the technological upgrading of enterprises. Technological upgrading took 35.3 percent of the annual total in the past eight years, compared with 18.7 percent in the previous 26 years, while investment in capital construction dropped from 81.3 percent to 64.8 percent.

In the recent period, light industry got 107.2 billion yuan,

twice the total in the previous 26 years. The average annual increase reached 34 percent, compared with 17 percent for heavy industry.

More attention has been paid to coastal regions in terms of investment following the implementation of the country's policy of opening to the outside world. Investment in these regions reached 413.2 billion yuan in the latest period, 80 percent more than in the previous 26 years.

China has expanded its production capacity in the energy, transport and raw materials sectors and has upgraded technology and equipment in these basic industries. The three sectors, which enjoy top priority in development, received 267.9 billion yuan from the state during the past eight years.

From 1979 to 1986, 95 power stations with a combined generating capacity of 34.39 million kilowatts were built, accounting for 60 percent of the country's generating capacity in 1978. A total of 148 underground and open-cast coal mines, with a combined annual production capacity of 124.54 million tons, were completed.

Production wells with a yearly output capacity of about 555 million barrels of oil went into operation in 13 oil fields, including Daqing, Dagang and Shengli. China built 2,527 kilometres of double-track railway lines, 3,434 kilometres of electrified railway lines and 20,000 kilometres of highways.

The country's ports added 133 berths, with increased handling capacity by 161.48 million tons, more than the total increase in the 26 years before 1979. And 470,000 telephone switchboards were installed during the past eight years.

In addition to completing the first phase of the Baoshan Iron and Steel Complex near Shanghai, 14 large iron and steel plants were built or expanded, along with six

non-ferrous metal smelters, 28 large chemical plants, 13 fertilizer plants and three large cement works. The projects increased steel smelting capacity by 6.96 million tons, iron smelting capacity by 5.54 million tons, fertilizer production capacity by 3.16 million tons, and cement production capacity by 24.04 million tons. ■

Nepalese Visitors Warmly Received

China and Nepal have been on very good terms. We are good friends and good neighbours, and Sino-Nepalese friendship has stood all tests," Chinese President Li Xiannian said at a welcoming ceremony for visiting Nepalese King Birendra and Queen Aishwarya in Beijing's Great Hall of the People.

The king and queen arrived in Beijing on the evening of September 14 to begin a four-day official visit to China at the invitation of the Chinese president. Li presided over the welcoming ceremony and gave a banquet in honour of the guests the next day.

At the banquet, he reiterated that it is the cornerstone of China's foreign policy to strengthen and develop friendly co-operation with third world countries, including Nepal. "China will firmly develop its relationship with South Asian countries," he said.

Li spoke highly of Nepal's economic achievements in recent years and of the king's important role in promoting South Asian co-operation. Nepal has won global acclaim for these efforts as well as for its pursuit of a peaceful, independent and non-aligned foreign policy; its support for the people's just struggles in Afghanistan and Kampuchea; and its opposition to all kinds of external interference. King Birendra's proposal to make Nepal a peace



Senior Chinese leader Deng Xiaoping meets King Birendra.

GUO ZHANYING

zone has won worldwide support, Li said.

The Chinese government and people will continue to firmly support the king's proposal and Nepal's national independence and sovereignty, he added.

King Birendra thanked Li for the invitation to visit China again. He also thanked China for its co-operation and support for his peace zone declaration. "The relationship between China and Nepal has developed into a lasting friendly relationship," he said at the banquet.

Chinese Premier Zhao Ziyang and senior leader Deng Xiaoping also received the king and queen. Zhao noted that the Sino-Nepalese relationship can be taken as a model for relations between nations, "We are going to continue our efforts to promote ties between our two countries as well as our co-operation in international affairs," he said.

"Sino-Nepalese friendship is very unusual. We trust and understand each other and have no differences in our views on international issues," Deng said during his meeting with the king and queen in the Great Hall of the People on the morning of September 16.

Deng also briefed the guests on China's long-term programmes and targets for its modernization drive. "So long as we stick to our present policies, we will certainly reach our goals," he said. He stressed that China will develop policies that suit the country's conditions.

Deng said China's reform and open policy has proved its value. "We should persist in our efforts to open our country wider to the rest of the world and to deepen the ongoing reforms. The reform of political structure should be put on the agenda," he said.

King Birendra said he was happy to be in China again and expressed his confidence that the visit will strengthen Sino-Nepalese friendship.

King Birendra returned to Kathmandu on the afternoon of September 17. He said that during his visit, an economic and technical co-operation agreement and a protocol for constructing projects in Nepal were signed.

China will provide an assistance of 50 million Renminbi (about US\$13.5 million) for the construction of an international conference centre in Kathmandu and for support of some projects currently undertaken in Nepal, the king noted. ■

China, Africa Talk On Unions' Role

Delegates from trade unions in China and Africa have again met in Beijing to discuss unions' role in development. The symposium, held on August 27-29, followed an earlier one in March. The meeting was sponsored jointly by the All-China Federation of Trade Unions (ACFTU) and the Organization of African Trade Union Unity (OATUU). An OATUU delegate and representatives of the organization's 12 French-speaking members attended the symposium. The earlier meeting involved representatives from English-speaking OATUU countries. China's delegates were Luo Gan, vice-chairman of the ACFTU, Fang Jiade, member of the ACFTU secretariat, and Qian Dadong chief of the ACFTU international liaison department.

In a speech at the opening ceremony, Luo said: "Development is the great common concern of all countries, especially the developing nations. After a country has won national independence, its most important task is to develop its economy. Only

with the development of its national economy can a country consolidate its political independence, gradually improve its people's living standards and cultural level, and play a more active role in the struggle to safeguard world peace.

"China is a developing socialist country. The Chinese trade union federation is actively organizing the broad masses of staff members and workers to play a major role in socialist modernization. China's union federation will steadfastly stand together with the trade unions of African and other countries in a joint effort to safeguard peace, promote development and strive for a new international economic order."

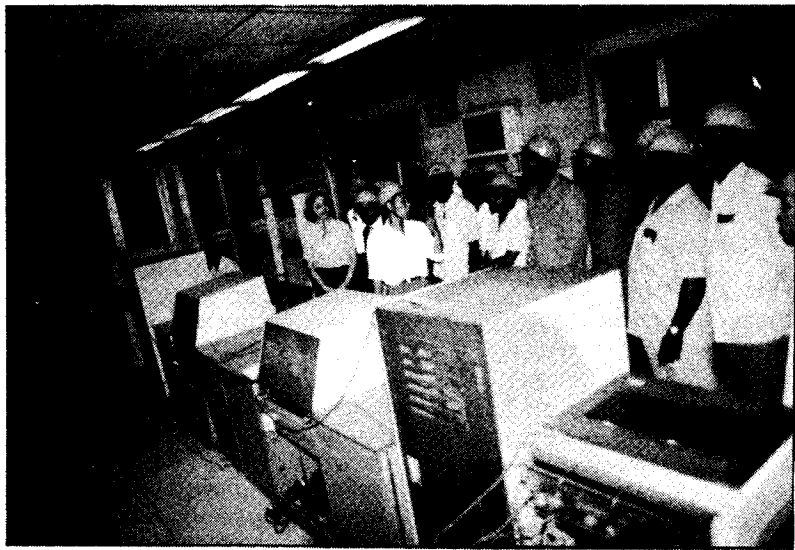
The general secretary of the OATUU, Hassan Sunmonu, who was visiting China, also spoke at the opening ceremony. He introduced the current situation of African trade unions and the most urgent problems facing them. One problem is training their cadres to widen their knowledge and abilities so that they can more effectively represent the interests of working people when participating in policy-making and management with governments

and employers. Another problem is working out the trade union role in the development of countries and regions, as well as in international development. Before Sunmonu's speech, Chinese President Li Xiannian cordially received him in the Great Hall of the People.

During the symposium, 14 papers were read, 12 of them from African countries. In the lively discussions that followed, delegates analysed the current grim economic situation facing the developing nations in general and Africa nations in particular, the relationship between developing a country's economy and safeguarding workers' rights and interests; and the need for trade union participation in formulating national economic programmes, and policies and laws which involve workers' interests. The delegates also discussed union monitoring of the implementation of price controls; union participation in the management of enterprises; promoting agricultural development, especially self-sufficiency in grain; improving staff and worker training; trade unions' role in joint owner enterprises; and many other questions.

African trade union representatives visit the Shoudu Iron and Steel Company in Beijing.

JIANG XINHUA



Delegates pointed out that unity and stability are needed for national economic development and that dialogue and consultation can help solve domestic development problems. International development requires stronger regional economic cooperation, a struggle for peace and against war, and a battle to establish a rational and equitable new international economic order.

The delegates stuck to their views, spoke their minds freely, exchanged experiences and learned from each other. The three-day-long meeting succeeded in furthering mutual understanding and deepening the friendship between the trade unions of China and Africa, and laid a good foundation for extending exchanges and co-ordinating the

activity of trade unions in all countries. Speaking on behalf of all the delegates, the representative from Ivory Coast praised the ACFTU for taking time from its pressing affairs to provide unions with the chance to exchange experiences, establish contacts and strengthen ties and unity.

On September 1, Zhu Xuefan, vice-chairman of the Standing Committee of China's National People's Congress, met all the delegates who attended the symposium. Ni Zhifu, chairman of the ACFTU, also received and entertained African friends.

After the meeting, African delegates visited Beijing and other places to gain a better understanding of the working conditions facing China's trade unions.

by Cen Lian/Zou Sicheng

New Ministry Fights Corruption

China's Ministry of Supervision, which was abolished in 1959, has been restored. Its mandate is to combat corruption, bribery, dereliction of duty and the leaking of confidential economic information to foreigners.

The supervision will begin in central government departments and big enterprises, particularly those with frequent contacts with foreign companies.

Yang Xingui, an official in the ministry's policy research office, said several serious cases have been uncovered since the ministry was set up two months ago, but it is too early to disclose details.

Wei Jianxing, former head of the Organization Department under the Communist Party Central Committee, was appointed minister of supervision by the National People's Congress Standing Committee in June. Wei said inspections by the ministry will focus on contracts signed

between Chinese and foreign companies which are "obviously unfavourable to China."

People who commit embezzlement or bribery or betray confidential information to foreigners will be severely punished, no matter who they are, the minister said.

The ministry plans to draft an anti-corruption law, an administrative law and provisional regulations regarding rewards for government employees who expose malpractice and penalties for those who abuse their authority. Currently, Yang said, it is hard to distinguish the purview of the ministry from that of the Ministry of Justice or the Party's Central Disciplinary Inspection Commission. He said his ministry will co-operate with the other two in investigating violations of the constitution, administrative regulations or Party discipline.

The Ministry of Supervision will monitor government officials, leading cadres and employees in ministries, administrative departments and enterprises, as well as leaders in provincial governments. Chinese managers and employees working for joint ventures will also be included, Wei said.

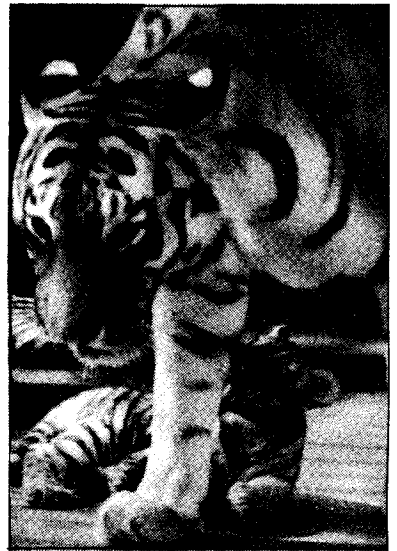
The ministry will have a staff of 620 and 12 regional bureaus. The first regional bureaus have been set up in Tibet, Shenzhen in Guangdong Province and Dandong in Liaoning Province. More will be established by the end of the year, the minister said.

Reports say Premier Zhao Ziyang proposed setting up the ministry. ■

Rare Animals Need Help, Not Talk

The protection of rare wildlife has been a popular subject in recent years. But the talk has not always been translated into action.

Zoologist Liu Yinzeng said the



A total of 37 northeastern Chinese tigers have been artificially bred in Dallan zoo, Liaoning Province. Fewer than 40 of the tigers still survive in their natural environment.

neglect of wildlife protection, especially for endangered species, has led to a dramatic decrease in the numbers of the country's 500 kinds of mammals and 1,200 kinds of birds. Wild deer, for example, were a common sight in Inner Mongolia only a few years ago. Today, those lovely, tender animals are hardly visible. Tigers in the south of China will be totally extinct, unless we correct our errors, warns Jin Shanke, another zoologist.

Since the end of 1978, 300 nature reserves have been set up with an area occupying 2 percent of the country's total land. But lately these reserves have been shrinking as result of construction and the invasion of tourism. In an effort to make profits in the past few years, many local governments have opened up sight-seeing spots in nature reserves regardless of the harmful effects that tourists might have on valuable animals. For instance, bird island in Xining, Qinghai Province, is reported to be suffering from heavy contamination because of the flood of officials, reporters, photographers and painters who

have come here under the name of inspection.

An even worse problem is the illegal hunting and smuggling of precious animals as China opens its doors and people become more aware of the market abroad. A lot of products of endangered animals, including panda's pelts and musk, have been smuggled out of the country.

Under an international agreement, only the offspring of rare wildlife bred in captivity can be exported. This pact is frequently violated by profit chasers who do not worry about the risk of destroying a species when they sell these animals to foreign countries.

Greedy stomachs also eat up precious wild animals. Xinhua reported that dishes made from endangered animals can be found on the menus of 90 hotels and restaurants in Harbin, capital of Heilongjiang Province.

Of all the factors that give rise to the poor protection of rare animals, some officials' ignorance and near-sightedness comes out on top, said zoologist Zhu Jing. He added that the lack of effective legal punishment allows animal killers to get away with murder.

China is a member of the 95-country convention on International Trade in Endangered Species of Wild Fauna and Flora. Chinese zoologists call for international co-operation in wildlife protection by intensifying the monitoring of both legal and illegal animal businesses.

The State Council has urged local governments to intensify their leadership over the protection of precious animals. A law on wildlife protection is planned for the near future. The law will include stiff penalties for anyone found hunting or smuggling rare animals.

Exports of precious wild animals living or dead for scientific research, exchanges, exhibitions and demonstrations will be allowed only with the approval of both the government and the relevant science institute.

Weekly Chronicle (September 14-20)

POLITICAL

September 16

■ Chinese President Li Xian-nian tells Momodou Baboucarr N'Jie, speaker of the House of Representatives of Gambia, that "It is not good for third world countries to fight against each other."

Referring to the Iran-Iraq war and the conflict between Chad and Libya, Li says that without South-South co-operation and unity, there is no common voice and it is impossible for the South to have an effective dialogue with the North.

■ Taiwan authorities are reported to be planning to allow residents to visit their mainland relatives. The reports are welcomed by all sectors on the mainland.

The Chinese government has always advocated free travel across the Taiwan Straits and government offices have formulated regulations to make it easier for Taiwan compatriots to visit their mainland relatives.

ECONOMIC

September 14

■ Eleven coal terminals are being built along the coastline from Jiangsu to Guangdong provinces to raise coal-handling capacity in south China.

The new terminals will have 11 berths for 10,000-ton ships and 12 for 1,000-ton ships, for a combined handling capacity of 53 million tons. They are scheduled for completion by the end of 1990.

September 15

■ The State Council has decided to speed up car production, mainly at the No.1 Motor Vehicle Plant in Changchun, capital of Jilin Province, and the No. 2 plant in Shiyan, Hubei Province.

China has imported more than 100,000 cars in recent years and it is a pressing task to boost car output to replace imports and eventually produce cars for export.

CULTURAL

September 17

■ China successfully recovered a satellite whose mission was scientific exploration and technological experiments.

The satellite was launched on September 9 at the Jiuquan Satellite Launching Centre in northwest China. It orbited for eight days as planned and landed at a designated site in Sichuan Province.

SOCIAL

September 16

■ Cui Yuzhong and Dai Wenxin who murdered Chinese-American Ewald Cheer on a train from Beijing to Guangzhou on June 20 were sentenced to death on August 12 by the Beijing Railway Transportation Intermediate Court and have been executed.

FOREIGN RELATIONS

September 18

■ Zheng Wanzhen, press councillor of the Chinese Embassy in the United States, declares at a press conference that the Chinese government cannot tolerate any political statements by the Dalai Lama which are harmful to China's unification and national unity.

He says the Dalai Lama, who is about to start a visit to the United States, is not just a religious figure, but an exile engaged in political activities.

The Chinese government has always opposed the Dalai Lama's engaging in activities in other countries in any capacity.

NEW CALEDONIA

A Contentious Referendum

The recent referendum provided no solution to New Caledonia's problems. Calls for independence persist although the majority of those who voted chose to maintain the territory's ties to France.

In the referendum on New Caledonia's future, which was organized by France, almost 59 percent of about 85,000 eligible voters cast a ballot, and more than 98 percent of them opted to remain part of France. But the Kanaks, indigenous Melanesians who make up 43 percent of the population, boycotted the vote and are continuing their calls for independence.

The referendum was held on September 13, despite opposition from the Kanaks, who have long been opposed to French rule. The call for independence was first raised openly in 1974 and an independence front was formed in 1979. The front developed into a strong organization and was renamed the Kanak Socialist National Liberation Front (FLNKS) in 1984. In December 1984, the Kanaks founded the Kanak provisional government. Repeated clashes between the Kanaks and European immigrants and their descendants led to bloody confrontations in 1984-85, seriously battering the local economy, which was already in severe trouble.

In the 1970s, the France had tried to boost the economy by tapping New Caledonia's nickel resources, but the huge revenue from the venture went largely into the pockets of European immigrants. A backward economy and the large gap between rich and poor are the root causes for the social turbulence. To retain this overseas territory and maintain its presence in the South Pacific, France has poured billions of Pacific francs from a special

development fund into New Caledonia to reactivate its economy.

The French government pays close attention to the situation in New Caledonia, because the territory is a key base for France in the South Pacific. France has important economic, military and political interests in New Caledonia.

First, the territory is rich in nickel, copper, iron and manganese. Nickel output is one-tenth of the world's total.

Second, the island is located in a strategic position—near the mouth of the passageway from the Pacific Ocean to the Indian Ocean. France has naval and air bases in Noumea, capital of the island. There is also a French nuclear test base near the island at Mururua. Independence would affect the prospects for the base.

Finally, New Caledonia is one of three French overseas territories in the South Pacific. Its independence could set off a chain reaction in the other territories. The FLNKS has connections with other South Pacific islands; is preparing to draft on Melanesian alliance agreement; and is striving for recognition of the Kanak provisional government by Jean-Marie Tjibaou.

Faced with dissension in New Caledonia, France decided to maintain the territory and secure its interests in the South Pacific through a referendum. The French National Assembly voted in April to hold the referendum. The decision was immediately rejected by the Kanaks. Although the French government prohibited

rallies or demonstrations before the referendum and sent gendarmes to the island, the Kanaks defied the ban and organized protests against the ballot. Tjibaou said the vote could not lead to genuine national autonomy or independence. Another independence leader said the vote would only deepen the racial abyss. A third leader said, "We are fighting for human dignity. We are masters of this land. As a nation, we should have our own motherland."

The independence movement's stand was supported by other South Pacific countries, which also refused to recognize the ballot. Some countries indicated they would establish formal links with Kanak provisional government.

According to reports, the voting was held in a quiet atmosphere. French Prime Minister Jacques Chirac said he was glad that so many people voted. But the referendum was contentious even in France. Opposition parties said that in the special conditions of New Caledonia it is more important to respect the minority than the principle of one person, one vote. The opposition said national reconciliation could not be reached through a majority intimidating a minority, and the referendum could lose its significance if independence group boycotted the voting. Although the opposition and the government differ on how to resolve the island's problems, they are unanimous in seeking to maintain French interests in the area.

The question was whether the complex and longstanding problem of the status of New Caledonia could be solved by referendum. The French newspaper *Le Monde* said the referendum offered no solution and would only introduce a period of fresh turbulence on the island.

The French government also recognized that the results of the referendum could be disadvantageous. Its comments have been

cautious to avoid upsetting the advocates of independence. The government has indicated that it will try to ease the contradictions on the island and at the same time ensure social order by, first, strengthening its financial support to the territory and second, promoting reconciliation between the two groups of residents and reopening the dialogue with the independence forces.

After the referendum Yann Celene Uregei, a leader of the FLNKS, said, "The FLNKS, which stands for the Kanak people, categorically rejects these results. This referendum is

undemocratic and it doesn't solve anything." He vowed to call on the United Nations to organize a new referendum.

During a visit to the territory after the referendum, Chirac called on New Caledonians to discuss his government's plan to give the territory more autonomy. The proposal has been rejected by Tjibaou.

France now faces the difficult problem of sizing up the situation and deciding how it can best be handled in order to maintain its presence in the South Pacific.

by Zou Cheng

won the support of 85 countries. In addition, Nepal has established diplomatic relations with 97 countries and maintains trade ties with 60 countries. It has also accepted economic assistance from more than 30 countries and regions, and this has played an important role in developing its economy.

Nepal made a substantial contribution to the establishment of the South Asian Association for Regional Co-operation (SAARC), which was set up in Dacca, Bangladesh, in December 1985. The association's permanent secretariat is in Kathmandu, the capital of Nepal.

Nepal pays a lot of attention to promoting friendly relations and co-operation with India, a co-member of SAARC, and there are extensive ties between the two nations. Nepal adjoins India on the east, south and west, and citizens of the two countries can cross the borders freely. India is Nepal's largest trading partner and provides its landlocked neighbour with a passage to the Indian Ocean. However, Nepal has not yet persuaded India to support its peace zone proposal.

Nepal is an active member of the United Nations and one of the founding members of the non-aligned movement. Guided by the UN Charter and the principle of the non-alignment, it energetically supports initiatives and actions conducive to world peace. It resolutely opposes the US-Soviet arms race and advocates complete global disarmament.

China and Nepal are close and friendly neighbours. Since the establishment of diplomatic relations in 1955, the traditional friendship and co-operative relations between the two countries have constantly developed. King Birendra has visited China seven times, including the recent four-day visit by the King and Queen Aishwarya. Chinese leaders Deng Xiaoping, Zhao Ziyang and Li Xiannian have visited Nepal. The Chinese government has always

NEPAL

Exemplary Foreign Policy Pursued

Nepal is showing the world how to be a good neighbour. Its peaceful international policy is good for the country, South Asia and all the peoples of the world.

The Kingdom of Nepal, a landlocked country in the southern Himalaya region, is a peace-loving nation. Since King Birendra came to power in 1972, Nepal has made great efforts to safeguard its national independence and sovereignty. It has pursued a policy of peace, neutrality and non-alignment and has played a positive role in international affairs.

As a result of long years of imperialist and colonialist rule, combined with geographical factors, the Nepalese economy is backward and the people's living is poor. Indeed, Nepal is one of the world's least developed countries. To improve this situation, Nepal desires peace so that it can devote its full efforts to building the country and developing its independent economy.

In 1975, King Birendra first put forward a proposal to make Nepal

a zone of peace. He said the country would engage in peaceful construction and pursue an international policy of non-alignment, non-interference in other countries' internal affairs, respect for others' sovereignty and independence, and peaceful resolution of any conflicts.

To guarantee its status as a peace zone, Nepal does not allow foreign countries to establish military bases or engage in hostile activities within its territory. It is not a member of any military alliance and has pledged not to intervene in any military conflict. The country's leaders have also vowed that Nepal will not resort to arms or the threat of arms against other nations. These promises demonstrate the sincere desire of the Nepalese government and people to safeguard peace in South Asia and be a good neighbour. To date, the peace zone proposal has

supported the peaceful diplomatic policy of Nepal and China was the first country to express support for Nepal's peace zone proposal. China's speedy support was much appreciated in Nepal.

In recent years, economic and technological co-operation between the two countries has expanded. To date, nearly 30 co-operative projects in Nepal have

been completed and 37 others are in the works. Border trade has also increased. On August 26, China and Nepal signed an agreement on air service between Kathmandu and Lhasa, the capital of China's Tibet Autonomous Region. This will further solidify relations between the people of the two countries.

by He Changcheng

SWEDEN

US Visit Is First in 26 Years

The visit to the United States by Sweden's prime minister represents the renewal of high-level talks after a long period of coolness between the two countries.

Swedish Prime Minister Ingvar Carlsson flew to the United States on September 6 for a one-week visit at the invitation of US President Ronald Reagan. Observers see the trip, the first official visit to the United States by a Swedish prime minister in 26 years, as a sign of a thaw in relations between the countries.

Swedish-US relations have been at a low ebb for years. When the late Swedish Prime Minister Olof Palme was in office, he led Swedes into the streets to protest against the US invasion of Viet Nam and gave asylum to young Americans who refused to take part in the invasion. Later, the two countries were at odds over the establishment of a non-nuclear zone in Northern Europe. The Swedish government also criticized US policy on Central America. In response, the United States stopped exporting high-technology products to Sweden, resulting in a further deterioration of Swedish-US relations.

But since last year, relations have begun to improve. Officials of the two countries have exchanged more than 40 visits in the past year, paving a way for the recent high-level talks. The US ambassador in Sweden said recently that the tensions between

the United States and Sweden have long since disappeared. He also noted that Washington started a dialogue with Stockholm 15 months ago. Before leaving for the United States, Prime Minister Carlsson told US reporters that relations between Sweden and the United States are friendly and smooth, and that an understanding on some differences has been reached.

With the easing of Swedish-US tensions, bilateral trade has picked up. Sweden exported 140,000 cars to the United States last year. The two sides have resolved their dispute over Swedish steel exports to the United States, which Washington said were harming the US industry. And in May,

Washington announced that it would ease controls on US high-technology exports to Sweden. Swedish companies will have the same access to highly advanced US products that the countries of the North Atlantic Treaty Organization and Japan enjoy.

Reports say a top-level Swedish visit to the United States was arranged before Prime Minister Palme was killed in February 1986. According to observers, Washington took steps to improve relations with Sweden because Stockholm had changed the tone of foreign policy and softened its charges against the United States. But the most important reason for the US overture is likely the strategic importance of Sweden and the key role it plays in East-West relations and the affairs of the third world.

Observers see Carlsson's visit as part of Sweden's effort to repair the rift in relations with the United States, and, most significantly, a gesture of friendship. Reagan is reported to have briefed Carlsson on the progress of the super-powers' medium-range missile talks, while Carlsson expressed his support for US and Soviet efforts to reduce nuclear arms. Sweden and the United States still differ, however, on Washington's Central American policy and its Star Wars programme. But although differences remain, observers think the visit succeeded in helping to improve mutual understanding and bilateral relations.

by Guo Chun

UN

Noble Aims, Arduous Tasks

The new General Assembly session offers the United Nations another opportunity to try to fulfil the pledges made in its Charter. The session will tackle a broad range of problems that trouble the world today.

The General Assembly of the United Nations convened its 42nd session on September 15 at

UN headquarters in New York. The session brings together delegations from 159 countries, many

of them led by heads of state or foreign ministers, for a three-month examination of international issues.

The General Assembly—the UN's major deliberative organ composed of all member states—has some 140 items on its agenda, including apartheid, development, disarmament, outer space, human rights and peace-keeping. The problem of third world debt will get special attention during the session. Another item, which is of critical importance to the UN itself, is the assembly's review of steps adopted to relieve the organization's financial emergency.

The world today is faced with many pressing problems which cast a shadow over the future of mankind. As Florin put it in his inaugural statement, "The challenges of the 20th century have global rather than national dimensions. They are challenges for the UN as well."

Nothing is more serious than the threat to world peace. Foreign troops remain in Kampuchea and Afghanistan despite repeated UN appeals for troop withdrawal. The blacks in South Africa still suffer from apartheid and racism despite longstanding worldwide opposition. The Middle East, and the Persian Gulf in particular, is also a world hot spot. And Central America is swallowed up by armed conflicts.

Moreover, the arms race, nuclear or otherwise, is an ever increasing threat to world peace. As for disarmament, the two superpowers should take special responsibility.

Social and economic development are both of critical importance. The growing interdependence of national economies requires redressing the imbalance between the world's rich and poor, reorganizing the lopsided international monetary and financial relations and restructuring the international economic order. Underdevelop-

ment and poverty in third world countries should be alleviated, and developing nations' foreign debt problems need a fair and just solution. Concerted efforts by all countries are required to put predictability and stability into the world economy.

MEXICO

Promising Trends in Economy

Brisk stock market activity, a flow back of capital and a steady increase in foreign exchange reserves are signs of a gradual economic recovery in Mexico. But the country's economic troubles are not over yet.

Like many other Latin American countries, Mexico carries a heavy debt burden. Its current debt totals US\$100 billion, and the country also faces high inflation. The national economy's shift to dependence on petroleum did little for economic development, but Mexico drew a lesson from its mistakes and saw the need for economic structural reform and adjustment. It worked out a development programme which includes incentives for economic growth. The plan stresses development of the manufacturing, food processing and mining industries, and encourages the expansion of non-petroleum exports. To stabilize its economy, the country has centred its efforts on the gradual development of the manufacturing industry. This has played a decisive role in its economic recovery.

Mexico's manufacturing industry began to be strengthened early this year after a drop in output last year. June's output was up by 9 percent compared with the same month last year. This is a record increase in recent years. The mining and building industries have also grown.

Economic adjustments have focused on expanding exports and obtaining more foreign currency to improve the country's inter-

national balance of payments. In the first half of this year, total exports reached US\$10.3 billion, a rise of 33 percent compared with the same period last year. The trade surplus totalled US\$4.5 billion, up from US\$1.5 billion in the year-earlier period.

International problems require multilateral solutions. Efforts to find a consensus can strengthen the decisions adopted. The UN provides both a forum for discussion and a means for concerted international action.

by Yao Haiquan

The economy's dependence on petroleum has lessened. Manufactured goods brought in more than US\$5 billion. Despite the rise in petroleum income resulting from the pickup in oil prices on the international market, the value of non-petroleum exports, such as manufactured and agricultural products, still exceeded that of petroleum and petroleum products. This is a breakthrough.

Mexico's economic recovery is closely tied to the improvement of its debt situation. Since last year, Mexico has rescheduled half of its debts through negotiations with international bank groups. Both public- and private-sector debt was restructured and some of the debts were transformed into capital investment. This has not only alleviated the debt pressure, but also given Mexico a breathing spell during which it can apply part of its financial resources to developing production.

by Guo Weicheng

Deng's Ideas on Political Restructuring

The issue of political structural reform will be discussed at the 13th Party Congress which will open next month. The reasons and goals behind the political restructuring were discussed in the article "Why Deng Stresses Political Restructuring" (see "Beijing Review," No. 38, p.14) The following article deals with the reform itself.

by Huang Chi

A study of Deng's expositions on the reform of the political structure shows that the reform can be summed up as follows:

1. Separating the functions of the Party from government.

The problem of the confusion of responsibility between the Party and government and of the usurpation of government functions by the Party has existed for a long time in China's system of leadership. It is the root cause of over-concentration of powers and a major reason for bureaucracy and administrative inefficiency.

In fact, the functions and work style of the Party and government are different. The Party's main functions are to work out its own guidelines and state policies and exercise overall leadership. Through legal processes, the organs of state power convert the Party's political line into state intentions and are responsible for its implementation and administration. Party decisions and discipline are only binding on its organizations and members. Party organizations can only influence and mobilize the masses through the exemplary acts of their members. The organs of state power can, however, manage the country through administrative measures. The key to Deng's concept of political reform lies in the separation of the Party from government administration. The intention is not to change the leading position of the Communist Party, but to reform the Party's methods of leadership; not to weaken, but to improve and strengthen Party leadership.

2. Delegating powers to the lower levels. The delegation of powers to the lower levels is the second important aspect in Deng's concept of the political restructuring. This involves relations between the central and local governments, as well as between local governments at various levels and between the government and enterprises.

Deng has placed special emphasis on the problem of separating government responsibilities from those of enterprises. He contended that without a delegation of power to the lower levels, it would be difficult to stimulate enterprises' initiative. Deng also suggested that enterprises also delegate power to lower levels and to grass-roots units, so that workers and technicians have a say in management decisions.

3. Streamlining the administrative structure. The paring down of the administrative structure has been regarded by Deng as a revolution. He pointed out: "The leading bodies at all levels are unwieldy and overstaffed. The extra hands look for something to do. The worst consequences of this are debilitating delays, slow policy decision-making and ineffective problem-solving, hampering any effort to motivate the lower levels."

Deng also said that streamlining the administrative structure is related to the delegation of power to lower levels. The idea of implementing structural reform through an initial change of functions has replaced the former

practice of reducing personnel numbers by purely administrative means which only temporarily halts the swelling of the administrative structure. In line with this idea, overlapping administrative organs in the Party committees, resulting from the mixing of Party and government functions, should be gradually reduced as will economic managerial units in government organizations arising from the lack of separate responsibilities between government and enterprise.

4. Reforming the cadre and personnel system. Deng has made many important suggestions in this connection, including the establishment of a retirement system for cadres, and the systems of recruitment, appointment, removal, assessment, impeachment and rotation.

Deng believes that central to reforming the cadre and personnel system is the appointment of younger people to leading positions. The vitality of the Party and government lies with the younger cadres. If they do not gradually assign younger people to the leading posts, and continue to "let the old and ailing stand in the way of young people who are energetic and able, not only will the four modernizations fail but the Party and state will face a mortal trial and perhaps perish."

5. Developing socialist democracy and improving the socialist legal system. Deng feels that in a country with a feudal history

dating back several thousand years, to encourage the development of socialist cause and to ensure the democratization of the Party and state, economic management and society as a whole, it is necessary to establish a socialist democratic system and a socialist legal system.

However, because any democracy is conditional, Deng stressed that speaking of democracy, bourgeois democracy should not be copied. It is precisely for this reason that in spring this year those people who advocated "total Westernization" were criticized.

Deng has attached great importance to the issue of democracy at the grass-roots level and stressed that workers' and farmers' democratic rights, including democratic elections, management and supervision, should be effectively safeguarded.

Deng also pointed out that democracy can only be developed gradually because China is still in the preliminary stage of socialism, and the cultural level and political experience of the people have not reached a high level. Thoughtless pursuit of "democratic forms" will not help realize a genuine democracy.

When speaking about political restructuring, Deng linked the establishment of democracy with that of a legal system. He stated that in order to ensure democracy for the people, it is necessary to strengthen the legal system, institutionalize and legalize democracy. The system and law will not alter because of changes in the leadership and in the views of the leaders.

Deng said that his own visions do not cover all aspects of the reform of the political structure. He noted that revamping and improving Party and state systems is an arduous, long-term task which calls for thorough study. Details of the reform of the political structure will be fully discussed and studied at the forthcoming Party congress.

The reform of the political structure is a complicated task. It covers a wide area and will be restricted by social, economic and cultural factors. Deng put forward four proposals for the implementation of the reform:

First, reform will be carried out step by step in a planned way under the leadership of the Communist Party of China. It is the Communist Party of China which first proposed the reform of China's political structure. But this reform does not aim to change the fundamental political system of socialism, but to improve and consolidate the system. Therefore, only when it is carried out under the Party's leadership can it be successfully accomplished. That is an obvious yet very important point. The modern history of China has proved that progress of the state would have been impossible without the correct leadership of the Communist Party. The bitter lesson of "kicking aside the Party committees to make revolution," a slogan raised during the "cultural revolution," is still fresh in the people's memory. Without the Party's leadership there would be no stability and order. Deng emphasized that without order, interference of one form or another will consume all energy and reform will not be accomplished.

Second, reform should not be carried out in the form of a mass movement. Deng stated: "Historical experience showed that by launching a mass movement, no currently functioning systems were ever reformed or new ones established by substituting a mass movement for solid, systematic measures."

In fact, in the preliminary stage of socialism, it is absolutely impossible to attempt to change the political structure by launching one or two movements and expanding democracy by a "great leap forward." On the contrary, it will only create obstacles to reform and the establishment of democracy. Reform of the polit-

ical structure will be a long-term task in China, brought about only with the development of productive forces.

Third, bold exploration but discretion in carrying out the reform. The political restructuring in a socialist country is a new concept that cannot be found in the classical Marxist-Leninist works nor in the experience of predecessors. It is therefore necessary to make bold exploration without fear of any risks involved, and to act with great care, not with undue haste.

Deng stresses that absence of a political restructuring will make it impossible to keep abreast of the situation. He pointed out that the problem is very complicated. Each reform involves a broad section of people and a wide range of issues; it affects the interests of many people and will encounter many obstacles. This requires steering a very cautious course. Since China is very large and the situation very complex, reform is not easy. Therefore, one must be prudent when making policy decisions.

Fourth, basing ourselves on conditions in China and learning whatever is useful to us. The idea of reforming China's political structure has been set forth in the light of China's own conditions. Therefore, it must be based on the practices of the country. This does not mean, however, that there is no need to learn from other socialist countries' experience in reform and from useful administrative and economic management methods from capitalist countries.

Deng said long ago: "We should learn everything useful to us from the capitalist countries." Of course, "Western patterns should not be copied mechanically, nor should liberalization be encouraged." Complete Westernization will only plunge China into anarchy and regression. The correct way is to base oneself on the conditions of the country and critically assimilate successful ways from other countries in the world. ■

Socialism Is Not Egalitarianism

by Liu Guoguang

Among the various things added to socialism due to misunderstandings, one of the most important was egalitarianism. In the past, people felt that while capitalism and other social systems based on private ownership involved inequality, socialism advocated equality. The slogan of equality attracted thousands upon thousands of people to the struggle for socialism, but many people misunderstood equality under socialism as equal distribution of income and confused socialism with egalitarianism. This led to serious distortion of the true socialist relations of distribution.

In China the traditional ideology of the peasantry and petty bourgeoisie is deeply rooted. The concept of equalizing wealth advocated by past peasant movements has had far-reaching influence. This provided a broad social basis for egalitarianism, and made it even easier to equate socialism with egalitarianism. Gradual application of the socialist principle of distribution according to work began after the founding of the People's Republic of China in 1949 and was emphasized in the subsequent period of normal economic development. However, for the greater part of the period between 1958 and 1978, egalitarian thinking and policies held sway in distribution.

During the "great leap forward" of the late 1950s and the 10 years of chaos between 1966 and 1976, egalitarianism spread unchecked. The socialist principle of distribution according to work was dubbed capitalist and revisionist under the pretext of criticizing

"bourgeois rights." The piece rate wage and bonus system was abolished and basic wages were frozen for a long time. In the countryside, a system of distribution according to need termed "the supply system" replaced the workpoint system of distribution according to work. When the allocation of workpoints according to work was restored, in many places, it did not differ significantly from an equal allocation of workpoints. As a result, the bizarre phenomenon of equal treatment of those who do more and those who do less, those who work well and those who work poorly, and those who work and those who do not work appeared everywhere.

Because egalitarianism directly influenced people's enthusiasm and held back their efforts for progress, its negative effects on China's economic development were far greater than those of other traditional concepts appended to socialism. No wonder that after people began to realize reform of the traditional system was the only answer, economic theorists attacked egalitarianism first, and began with discussion of the restoration of the socialist principle of distribution.

Equality and Exploitation

Marxism is opposed to egalitarianism, but not equality. The equality advocated by Marxism is not abstract, still less egalitarianism in the distribution of income. Rather, it refers to eliminating exploitation of man by man, and the root cause of such exploitation is private ownership of the means of production. Socialism introduces the gradual replacement of private ownership with public ownership of the means of production and of distribution

according to capital with the principle of distribution according to work. This has created conditions for the realization of genuine equality, i.e., equal labour rights.

When we say only distribution according to work brings about genuine equality, we mean that equality lies in using the same yardstick, labour, to measure labourers. Distribution according to work recognizes differences in individuals' labour capacity and contribution, and therefore also differences in their income derived from payment. Because of this, it has nothing in common with egalitarianism. Socialism promotes the development of the productive forces, whereas egalitarianism hinders them. Therefore socialism and egalitarianism are not compatible. This is not a new reform in theory, but merely a reversal of the reversed Marxist truth.

Doing away with egalitarianism and restoring the principle of distribution according to work is not merely a theoretical issue, but also an issue of practical importance for the reforms. In this regard, the piece rate wage and bonuses have been restored over the last few years, thus putting an end to the long-term freezing of basic wages. The floating wage system has been tried in some work units and experiments linking total wages with economic results and output have been conducted in almost all units. This series of reforms is unquestionably a marked improvement on the old wage system. However, because of the long historical background and broad social basis of egalitarianism in China, its manifestations are still visible everywhere. For example, many enterprises issue bonuses equally, thus turning them into disguised extra wages. In the course of wage

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adjustments, competition among workers in different fields and promotion by turn were intended to even up differentials. As a result, long-standing problems such as low pay for mental work in comparison with physical work still excludes easy resolution. The indiscriminate issue of bonuses, allowances and articles of daily use has become a common social practice, and poorly managed, loss-making enterprises continue to issue wages and bonuses.

In short, we are still plagued by the defects of the former egalitarian system of distribution known as "eating from the big pot." This indicates that getting rid of traditional egalitarian ideas and applying the socialist principle of distribution is a very tough job requiring further efforts in theoretical and practical reform.

Pay According to Work

In implementing theoretical and practical reform over the last few years, China has not only done away with egalitarianism and restored the principle of distribution according to work. It has also established the major policy of allowing some people to become wealthy first as part of the goal of common prosperity. Implementing this policy is related not only to the application of the principle of distribution according to work, but also to the development of a commodity economy. The principle of distribution according to work recognizes the differences in individuals' labour and income. In China now, manual labour, mechanized and semi-mechanized production are the main mode of production and automated production is rare. Workers' cultural and technical levels are low, very few of them have a secondary technical school education or a college education. As a result, differences in labour are still fairly great. In the process of overcom-

ing egalitarianism, income differences will become larger. However, there are still limits to differences in work. Although applying the principle of distribution according to work can overcome egalitarianism by itself, it will not enable some people to become prosperous first. For some people to become affluent first, additional forms and mechanisms of distribution must be adopted, too. In this way, distribution according to work comes first, but other forms of distribution also exist. This is precisely an effect of the socialist commodity economy on the distribution system.

The existence of the socialist commodity economy not only requires that the principle of distribution according to work adopt commodity currency form, i.e., the realization of the principle through market relations. It also provides some additional forms whereby distribution is not according to, or not entirely according to, work. Putting distribution according to work first but allowing other forms of distribution to exist too, echoes putting public ownership first but allowing other forms of ownership and management to exist too. All this provides the objective basis for the major policy of allowing some people to become affluent first as part of the goal of common prosperity.

Other Distribution Forms

Personal income in China currently takes the following forms. First, incomes derived from labour. These include both workers' wages and rural contractors' and individual labourers' incomes derived from their labour. Second, there are incomes derived from management. This includes all forms of individual income connected to achievements in management. In a sense, the incomes of managers are also a form of income derived from

labour. However, achievements in management are not entirely derived from the amount of labour expended, as management income also includes a considerable amount of opportunity and risk earnings. Here distribution principles beyond the principle of distribution according to work play their role. A third form of income is that derived from funds and assets, including interest, shares, extra dividends, rent and all other incomes from bank deposits, loans, shares, operating assets and leasing. Incomes derived from assets vary highly because of differences in quality and location. Incomes derived from funds and assets are not a form of income derived from labour, but are determined by distribution principles beyond distribution according to work. The determination of these incomes can be traced back to the commodity economy principle of exchange at equal value.

Incomes which are determined by the laws governing the commodity economy and not according to work have generated much theoretical controversy. Some people worry about the existence of various forms of income deviating from the principle of distribution according to work, particularly incomes from profiteering, embezzlement, bribery and other dishonest practices which have emerged under the commodity economy and the coexistence of the old and new systems. They worry that this will result in unfair distribution, affect the general mood and stability of society and stem the advance of socialism. This is not completely without reason. But, in judging a distribution system, Marxists do not simply attend to social justice. They also check whether it is advantageous to the development of the social forces of production. Today, non-socialist ownership sectors are allowed to coexist with the socialist public ownership sector so long as they benefit the growth of the socialist forces of

production and do not impinge on the primacy of public ownership. Similarly, in the distribution system, the income determined by the law of commodity production and not gained through distribution according to work should be allowed to exist so long as it helps develop the socialist forces of production and does not change the primacy of distribution according to work.

As for incomes derived from personal assets, given the public ownership of land, rural infrastructures, larger urban enterprises and many smaller urban enterprises, means of production in the hands of individuals make up a very small proportion of the total, and incomes not gained through distribution according to work will not become the main form of income. Under the current circumstances, so long as private assets are got with income derived from labour, a certain amount of income derived from private management and market competition should be permitted. This will benefit the development of the social forces of production, and will not harm the state-owned economy. If profits on private assets are restricted, the owners

may liquidate their property for purposes of personal consumption. This would undoubtedly be an invisible loss to society.

Similarly we should not regard interests, extra dividends and other incomes from individual bank deposits, loans (bonds), and shares as capitalism. Moreover, policies should be adopted to encourage individuals to deposit their money in banks and turn their private income into investments in an effort to curb burgeoning consumption and boost production.

Since managers of private businesses perform more complex labour, they deserve higher remuneration. This accords with distribution according to work. The opportunity and risk incomes involved will help stimulate managers to take risks in market competition, raise their management skills and management efficiency, and cultivate socialist entrepreneurs capable of adapting themselves to the commodity economy.

New Distribution Pattern

In the socialist commodity economy we should not just follow a single form of distribution.

Forms other than distribution according to work should be allowed a certain existence. China's current economic reforms have gone beyond the single form of distribution according to work, which actually existed only in name before. They have created a pattern which puts distribution according to work first and makes other forms of distribution subsidiary. This new pattern suits the development of the commodity economy in the primary stage of socialism in China, and marks important progress in the practice and theory of China's reforms in the area of distribution.

Because China's commodity economy is still underdeveloped, its management system is imperfect. Because the unfair price system has not been thoroughly changed, unreasonable income differences still exist. This can only be resolved through economic, legal and administrative measures, in particular progressive income tax regulation. While encouraging some people to become wealthy first, efforts should also be made to prevent polarization between rich and poor. Our goal is realization of common prosperity on the basis of developed social forces of production. ■

Open Policy Boosts Technical Growth

by Bai Yiyang*

The import of technology is an important part of China's open policy. Requiring less money, taking fewer risks and producing tangible economic benefits in a short time, technology import has been termed "a short cut to technological pro-

gress." From 1979 to the end of 1986, China imported more than 14,000 items of technology and key equipment from abroad, worth US\$10 billion. This has contributed greatly to the growth of China's national economy and the enhancement of its scientific and technological level.

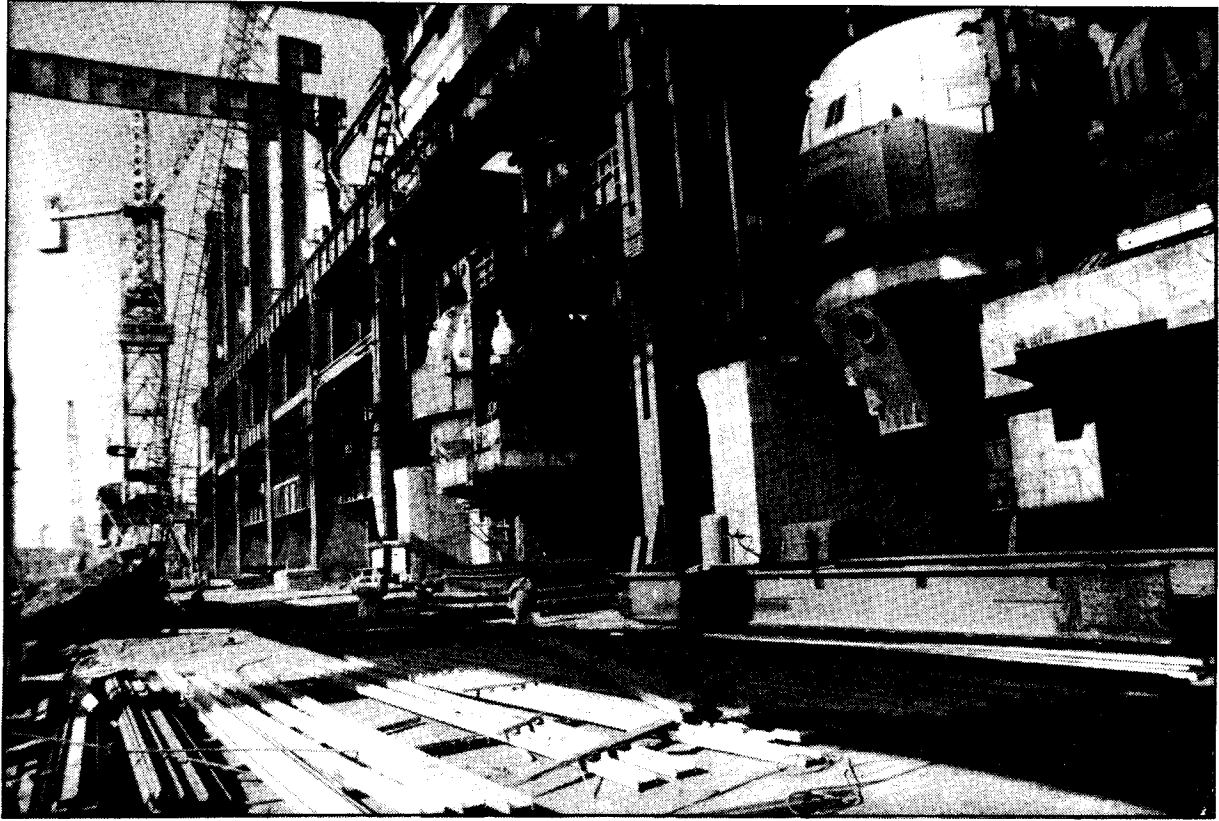
New Import Policy

After the First Five-Year Plan (1953-57) was started, China

introduced technologies from abroad intermittently. Since 1979, guided by the policy of opening to the outside world, China has imported technology on an unprecedented scale as seen in the following three major changes:

First, before 1979 China mainly imported large complete sets of equipment for the construction of new factories. After 1979 multifarious forms of technology import with the licensed trade as the main form flourished. The

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WANG HUIFEN

The 210-ton steelmaking converter imported from Belgium by the Beijing Shoudu Iron and Steel Company ranks second to that at the Shanghai Baoshan Iron and Steel Company.

proportion of imported software, including patent technology, proprietary technology and technology secrets, has increased gradually. Technology import has been closely linked with the technical revamping of enterprises and with technological progress, China's high-tech development, and the tackling of key scientific and technological problems.

Second, in the past, technology import was basically concentrated in the hands of the central authorities, leaving few chances to local authorities at various levels for participating in the work. Along with the progress of the economic structural reform and the expansion of technology import, the existing management system became increasingly unfit for the developing situation. In

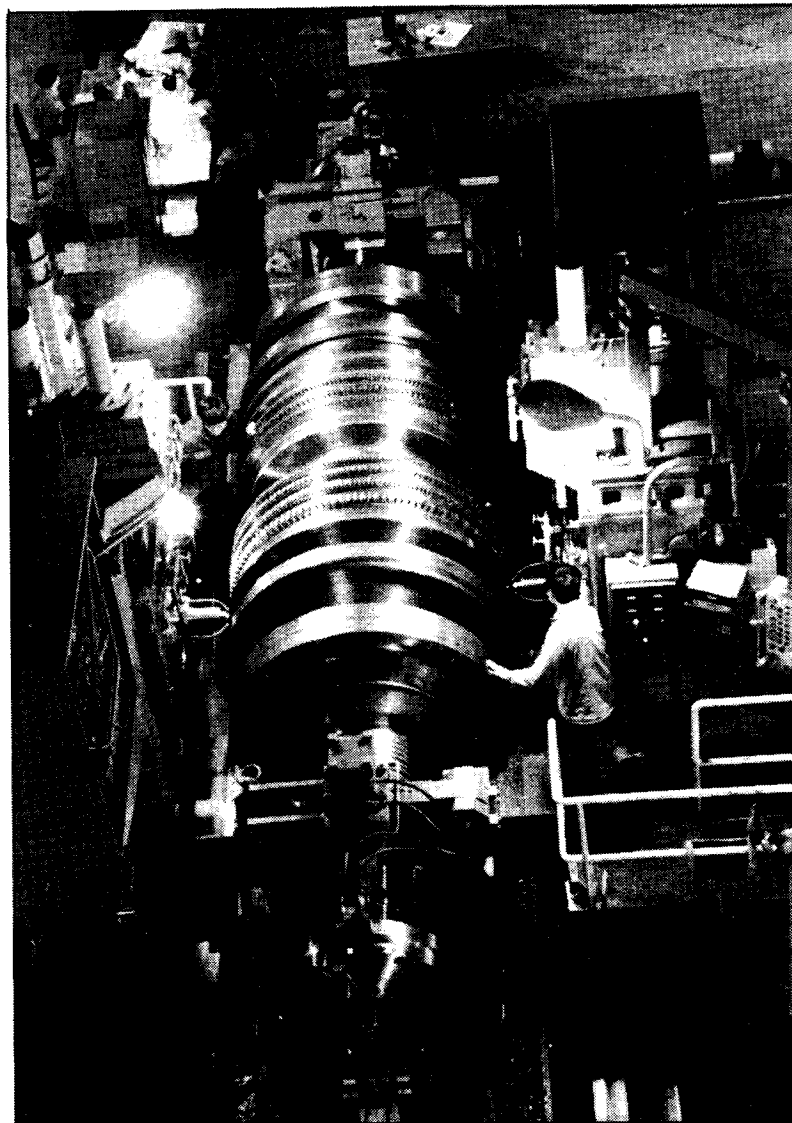
recent years China has adopted a series of efficient measures, including delegating power of examining and approving items of technology import to the lower levels and simplifying relevant procedures. Technology import has now become a nationwide work.

Third, since 1979 technology import has been closely linked with the utilization of foreign capital. At the same time, we have imported technologies, trained technical personnel and acquired advanced managerial expertise through such forms as joint ventures, co-operative production and joint designing.

The major policy readjustment is the basic guarantee for the success of China's technology import.

Narrowing the Gap

Between 1984 and 1986, the State Economic Commission organized the work to "import 3,000 items of advanced foreign technology for transforming existing enterprises." Up to the end of 1986, about 60 percent of the imported items went into operation. The import of these items has accelerated the technical retooling of some traditional industries, remarkably improved the technical level of China's industry and narrowed the existing gap between China and the economically developed countries in the technical level of some products. Many Chinese enterprises turning out colour television sets, tape-recorders, and electronic elements and components have, through the import of



ZHANG PING

After introducing the US patent for a 300,000 kw thermal-powered steam turbine, the Shanghai Steam Turbine Plant has trial-produced two new steam turbines.

technology, changed their production of electronic elements and components from manual operation to mechanization and to semi-automatic and automatic operation. They have also adopted advanced techniques such as fine processing, automatic inspection and testing. The reliability of the electronic elements and component has been improved. The proportion of electronic products that have reached the advanced

world level of the late 70s and early 80s has gone up from 15 percent in 1982 to 30 percent.

Machine-building departments have in recent years imported more than 500 items of technology, involving over 6,000 kinds of products. At present 10 percent of the products turned out by the machine-building industry have reached the advanced world level of the early 80s. Shanghai has imported 2,043 technological

items in the last few years. One-third of them are at the world level of the 80s, the rest being at the level of the 70s. Of the 3,496 technological items imported by Guangdong Province, 899 items are of the late 70s and early 80s world level, accounting for 25.7 percent of its total imported items.

Jiangsu Province tops the nation in the manufacture of machine tools. But it made slow progress in the late 70s because of its backward techniques, limited varieties and low-grade products. About 70 percent of its 200,000 machine tools were of the 50s level, and the number of numerically controlled machine tools accounted for only 0.06 percent of its total machine tools. In 1980, the Nanjing Machine Tools Plant imported TND computer numerically controlled lathes, and TB single-axis automatic lathe designing and production techniques from the Federal Republic of Germany. Since the project went into operation, its products, turned out in cooperation with a company from that country, have not only sold well on the domestic market, but have also been marketed abroad and earned foreign exchange for the state. Adoption of MC automatic control techniques has raised China-made machine tools to the advanced world level.

The J series numerically controlled milling machines, jointly produced by the Nantong Machine Tools Plant and a British company, also come under this category.

The iron-casting techniques and managerial expertise imported by the Wuxi Diesel Engine Plant from a British company are very important to updating motors, machine tools and valves in the machine-building industry. Now the porous desulfurization device has been installed, and its trial production has been successful. Technological progress indicates China's attainment of a new level of nodular iron casting technique.

Technical Revamping

The import of technology in recent years has greatly promoted the technical renovation of some key industries; great changes have taken place in the production techniques in the field of food, knitting, television, tape-recorders, refrigerators, washing machines, rolled steel, bearings, low-voltage electrical appliances, electronic components, plastics, rubber products, chemicals, metallurgical and printing. With bettered production and technical conditions in these industries, product quality has steadily improved. Through the import of technology and equipment from abroad, it took only two years for the garment industry in Wuxi city to bridge its 20- to 30-year equipment gap with foreign countries.

The Shanghai Zhengtai Rubber Plant was the first factory to produce rubber products in China. But its equipment was of the 30s and 40s level. The plant imported new-type tyre production equipment and manufacturing technology from the Federal Republic of Germany in September 1979. After absorbing the technology effectively, its annual output value came to 96 million

yuan, and its products have been sold in 58 countries and regions including countries in Europe, and earned US\$13 million in foreign exchange for the state. The plant has also produced 50,000 ancillary fittings for the Santana cars. These components have become goods in great demand on domestic and international markets.

In 1980 the Shanghai Electric Welding Machine Plant imported 49 varieties of the electric welding machine licensed transfer technology in eight series from France and improved the traditional technological process. After adopting the advanced printed manufacturing techniques of the integrated component electronic circuit and testing methods for the silicon-controlled combined alternating switch, the plant's products have been quickly pushed from the old 50s' level to the advanced world level of the late 70s. Compared with the old machines, for instance, the newly introduced electric welding machine is of good performance and its total weight is only one-fourth of the old machine. The number of copper and silicon steel plates used on each transformer is only 38 percent and 34 percent of the old machine respectively. Its price is only 59 percent of the old one.

Each machine can save 9,620 kwh of electricity every year.

In recent years, the absorption of advanced foreign technology has not only improved the enterprises' technique, but also increased their ability to develop advanced technologies independently.

More Exports

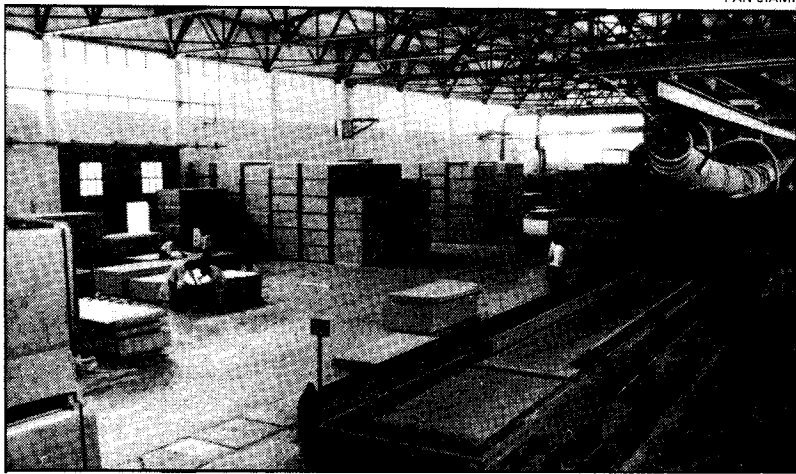
The competitiveness of a country's products on the international market is an important mark of its scientific and technological level and its industrial base. Since 1979, China's technology import has emerged from a passive position and developed in a favourable direction. Of the 781 items of technology imported in Shanghai, 85 projects have exported their products and earned foreign exchange. A total of US\$83 million has been gained.

In 1985 the amount of foreign exchange earnings from exports totalled US\$2.4 billion in Guangdong Province. By bringing in technology and equipment from abroad, beer produced by the Guangdong Qianli Brewery has enjoyed brisk sales in North America, Western Europe and Japan. The brewery earns over US\$2 million in foreign exchange annually.

The export of China's machinery and electronic products in 1986 grew by 47 percent over 1985. The garment industry in China has partially realized procedural production, serialization and standardization of products. The export volume of China's garments has kept growing because of the import of production lines and various kinds of special-purpose equipment. In the past few years, Chinese textile industrial departments have introduced advanced technologies in spinning, weaving, printing and dyeing. They have also imported a dozen or so kinds of technical know-how for the

Huaiji County in Guangdong Province has established an automatic particle plate plant using imported production equipment. The factory's products are highly competitive on the international market.

PAN JIAMIN



manufacture of major textile equipment. This was done by integrating the technological imports with foreign trade, thus quickly improving the quality of Chinese textiles and at the same time strengthening their ability to increase foreign-exchange earnings. The Tianjin wool spinning industry alone earns US\$30 million each year for the state.

Problems

Although China has made great achievements in technology import in recent years, there are some

problems and deficiencies in this work. They can be summed up in the following three aspects: First: After the central authorities relaxed control over technology import, there was no linking and co-ordination between departments or within a department itself in management. This resulted in the overlapping imports of technology of inferior quality for a certain period of time. Second: The level of China's technology import is comparatively low in the sense that China imported more "hardware" than "software." This indicates that some enterprises paid undue attention to immediate economic

benefits to the neglect of long-term technological progress. At the same time, how to integrate technology import closely with technological research and development at home is still a problem that calls for immediate solution. The above-mentioned problems and drawbacks are unavoidable in the course of the reform. With the deepening of the reform and the policy of opening China to the rest of the world, they will be overcome; the import of technology is bound to contribute greatly to China's economic growth and the improvement of its scientific and technological level. ■

Opening Up: the Lessons of History

by Yue Qingping*

China is a country with a long history. In ancient times, it had friendly contacts, economic relations and cultural exchanges with other countries in the world. Through these contacts and exchanges, China not only generously proffered its splendid civilization to the world, promoting the development of all mankind, but also assimilated a great many outstanding achievements from outside into her long-standing cultural traditions.

There is no need to gloss over the fact that China at certain times in its history also suffered from a closed-door policy.

There are many factors underlying a nation's rise or decline. Following an open or closed policy is not the deciding factor in a country's prosperity, nevertheless, its importance should not be underestimated.

This can be illustrated by the contrast in the history of the Han (206BC-220AD) and Tang (618-907) dynasties with that of the

middle and late Qing Dynasty (1644-1911).

Early Exchanges

The Han and Tang dynasties represent flourishing periods in China's feudal society. Opening up to the outside world was the dominant foreign policy pursued during both periods.

Since Zhang Qian's westward journeys in the Han Dynasty, which marked the beginning of contacts between China and some countries of Central and West Asia, busy traffic across Asia along the Silk Road reached an unprecedented scale. According to the "Biography of Da Wan" from *Records of the Historian*, the Han court sent from five to a dozen missions made up of one hundred to several hundred members to the West every year. At that time, countries in West Asia, Persia, India, the Arab Empire and the Eastern Roman Empire also sent to the Han capital their envoys who numbered almost 100 each year.

Chinese feudalism experienced another period of ascendancy from 220 to 589. This was a time of disunity, with the realm divided into the Three Kingdoms, the Western and Eastern Jin, and the Northern and Southern Dynasties. During the Three Kingdoms (220-280), the State of Wu was enthusiastic about forging ties with the outside world. It sent Kang Tai and Zhu Ying as envoys to various countries on the Indo-China Peninsula. Envoys from these countries also often came to the State of Wu. During the Eastern Jin and Southern Dynasty (317-589), a large ship with a carrying capacity of 20,000 *hu** sailed the routes between China and various countries on the South China Sea. There are also historical records about foreign merchant fleets coming by the South China Sea route to trade in China.

In 399, under the Eastern Jin, the monk Fa Xian went west in search of Buddhist scriptures. He

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**hu*, a dry measure used in former times, equal to 100 litres.

started from Changan, the capital, crossed over Congling (today's Pamirs and Kara Kunlun Mountains) and arrived in India and Nepal via today's Afghanistan and Pakistan. When he returned to China by way of Sri Lanka and Indonesia 14 years later, he wrote of his travels in *A Record of the Buddhist Countries* in which he described the development of Buddhism, geographical features, natural landscapes and customs in ancient Central Asia, India and the rest of South Asia. During the Northern Wei (386-534), hotels were provided in Luoyang for envoys and merchants from the Korean Peninsula, Japan, Mongolia and Central Asia, West Asia. Yang Xuanzhi's *Temples and Monasteries in Luoyang* gives some idea of the political, economic, cultural and social conditions under the Northern Wei. In recent decades, Chinese archaeologists found large quantities of gold coins of Byzantium (Eastern Roman Empire) and silver coins of Sassanidae (Persia, 226-651) in an extended area covering Xinjiang, Qinghai, Shaanxi, Henan, Shanxi, Hebei and Inner Mongolia. Many of the gold and silver coins were brought in during the Northern Wei period from 386 to 534 AD. These unearthed relics reflect the close contacts between Northern Wei and countries in Central and West Asia.

During the Sui Dynasty (581-618), feudal China still had frequent contacts and economic and cultural exchanges with foreign countries. For example, in 607, a Japanese envoy Onono Imoko visited China bearing a letter of introduction. The next year, Emperor Yang Di of the Sui sent Pei Shiqing as his envoy to pay a return visit. During that period, many Japanese scholars, including the famous Takamuko Genri, came to China to study Buddhist scriptures. On returning to Japan, he played an important role in the country's reform drive. In addition, Emperor Yang Di

sent Li Xian as an envoy to Persia, and Du Xingman to India and Afghanistan.

During the period from 618-907, the Tang Empire developed extensive ties with many foreign countries and regions. To encourage the development of its foreign trade, the Tang court stipulated that foreign merchants should be permitted to come freely to China. Levying extra taxes on them was not allowed. The expanding domestic and foreign contacts made the Tang capital Changan not only the nation's leading city but a cosmopolitan centre as well. Foreign emissaries, merchants, scholars, artists, students and ecclesiastics came en masse. Honglu Temple was built in the city to accommodate foreign guests. Moreover, economic and cultural exchanges also flourished in Guangzhou, Yangzhou and Quanzhou in south China. It was said that the number of China-bound foreign merchants coming to Guangzhou reached 100,000, sometimes as many as 800,000.

The Tang court had very close relations with neighbouring countries such as Silla (an ancient country in the southeast part of the Korean Peninsula) and Japan. Many traders and students from Silla came to China, and 19 large missions, the largest including 500 members, from Japan.

In the field of Sino-Japanese cultural exchange during the Tang Dynasty, Jian Zhen, a famous Buddhist of the Ritsugadu sect, made great efforts to spread Buddhism in Japan at the invitation of the Japanese government. He failed five times trying to reach Japan across the sea, and it was on his sixth attempt that he at length succeeded. Besides spreading Buddhism, he introduced Chinese culture to Japan, thereby making great contributions to the development of Buddhism and culture in that country. Among the famous Buddhist monks who promoted cultural exchanges with countries in Southeast Asia were

Xuan Zhuang and Yi Jing. Xuan Zhuang (602-64) was a learned monk. During the reign of Tang Emperor Tai Zong, he surmounted all kinds of difficulties on the way to India, Pakistan and Nepal in search of Buddhist scriptures. On his return, he translated a large number of Buddhist works. He also wrote *Records of Western Travels*, in which he described the geography, customs, religious legends, political affairs and economic developments of 111 states he had visited as well as of 28 other states he had heard about. Monk Yi Jing (635-713) also made a pilgrimage to India, where he collected 400 Buddhist books. On his homeward journey he wrote *Records of Buddhist Practices Sent Home From the Southern Sea* and *Biographies of the Great Tang Dynasty Venerable Monks Who Studied Buddhist Classics in the Western Regions*.

Prosperous Period

The many friendly contacts and economic and cultural exchanges in the Han and Tang dynasties brought into China not only the grape vine and pomegranate, woollen textiles, rare birds, thoroughbred horses, camels, gems, coral, hawksbill turtles, amber, agate, coloured glaze, perfume, ivory, rhinoceros horns, musical instruments and also new ideas in sculpture, architecture, painting, acrobatics, music, dance, and religions. For its part, China exported silk, porcelain, lacquerware, bronzes, iron and steel, as well as well-digging, paper-making, textile and metallurgical technologies, astronomy, *materia medica*, acupuncture and moxibustion, literature and arts. For example the world-famous Dunhuang Grottoes in Gansu Province developed out of Sino-foreign cultural exchanges in ancient times. The exquisite artistic achievements at Dunhuang were attained through a perfect blending of Buddhism,

Taoism and Confucianism. Lu Xun, the great modern Chinese writer, commented on the open policy of the Han-Tang period, saying that though the Han and Tang authorities had border troubles with neighbouring countries, nevertheless they had boldness of vision, and their people were determined never to become slaves of any other nation. When they used things foreign, they were themselves in control, not captivated by them.

China's feudalism reached the height of its power and prosperity during the Han-Tang period, specially the Tang. According to historical records, during the Tang Dynasty, there were many rich prefectures and counties, with a large accumulation of rice and silk stored in their warehouses. Its developed economy and vast territory made China one of the most powerful in the world at that time. Culture in the golden age of the Tang Dynasty surpassed the achievements of previous dynasties. For example, poetry attained preeminence in the works of the celebrated poets Li Bai, Du Fu and Bai Juyi. *The Complete Collection of Tang Poetry* alone covers 2,300 writers.

Closed-Door Policy

Beginning in the Qing Dynasty, China gradually slid back to a closed-door policy. At the end of the 18th century, British envoys brought scientific instruments, clocks, designs of vehicle wheels, ship models and armaments as gifts in celebration of the 80th birthday of Emperor Qian Long. On the occasion, they asked Qian Long to open up China's ports to trade. But the emperor's "instructions" were: "China has plentiful natural resources, and has everything that other countries have. We do not want to import foreign products, or to have either side supply what the other needs." Later, Emperor Jia Qing also declared: "China is a rich country.

Does China then need inferior products from small countries?" Strongly prejudiced against foreign nations, successive Qing governments imposed strict limitations on foreign trade. They went as far as to forbid Chinese people to go out to sea, or live abroad. For example, the Qing authorities allowed each merchant boat going out to sea to carry only one iron pot, one *sheng** of rice per person each day, with one *sheng* of rice as an extra quota, in order to force merchant boats setting out to return at the scheduled time. The government also imposed strict limitations on, or forbade outright, the export of Chinese products, including rice, tea, scrap iron, raw silk, silk fabrics, horses and books. Sino-foreign trading activities were restricted to Guangzhou, where foreign merchants could not stay through the winter. The dependants of foreign merchants coming to China were not allowed to put up at "foreign hotels" in Guangzhou, but only stay on board a ship. These limitations confined the economic and cultural exchanges between China and foreign countries to a very narrow scale.

As to Western advanced science and technology, the Qing government denounced them as "exotic and impracticable trickery," saying that "the doctrine of building a country endorses upholding etiquette, rather than seeking power; winning the support of the people, rather than technology and arts, is fundamental." As to Western scientific instruments, the Qing government condemned them as "claptrap," declaring that "none of these objects could serve as food when people are hungry, nor could they serve as clothing either, when people feel cold." So the conclusion was that all things foreign should be "banned from entering."

While the Qing government maintained its closed-door policy,

**Sheng*, a unit of dry measure for grain (= 1 litre=).

European capitalism developed rapidly, demonstrating its superiority over the feudal system. Production in the Western countries during that period advanced by leaps and bounds. The policy of the Qing government cut the Chinese people off from the outside world with the result that friendly contacts, economic exchanges and cultural relations were suspended, hindering the normal development of Chinese society. In short, during this time China underwent a change from progress to backwardness.

Looking back at their history, the Chinese people have come to realize that the nation's prosperity is closely linked to an open policy. Great benefits can be derived from friendly contacts, economic relations and cultural exchanges with other countries. China's backwardness, to a degree, could be attributed to its closed-door policy, set by policy-makers who were out of touch with reality and had too high an opinion of themselves. In a sense, the open policy being carried out in China at present is essentially the result of summing up historical experience. Just as Deng Xiaoping pointed out: "It is impossible for any country to develop its economy if it carries out a closed-door policy. We have suffered from such a policy, so did our ancestors.... The policy got us nowhere." ■



Folk Arts Shows: More Charm Than Beauty

Several thousand folk arts and crafts on display have added special artistic charm to the first China Art Festival held in September in Beijing.

by Our Correspondent Wei Liming

During the China Art Festival, Beijing's China Museum of Fine Arts hosted the Yunnan Minority People Folk Arts Exhibition, the Hubei Folk Arts and Crafts Exhibition, the Folk Arts Exhibition Centring Dramatic Scenes and the China Modern Folk Painting Exhibition. One art expert remarked: "Never before have so many folk art exhibitions been held simultaneously at the art gallery in Beijing."

On entering the main exhibition hall, two huge art works hang on both sides of the hall. On the left a woodcut decorative design from a container for storing shells represents the cultural origins of Yunnan Province; on the right is a

silk damask featuring dragons, phoenixes and tigers, representing the cultural origins of Hubei Province.

Located in southwest China, Yunnan Province is inhabited by 26 minority nationalities. It was also the home of the earliest recorded man. Over 2,000 years ago, the "Dians" in present-day Yunnan created their own special culture characterized by its bronzeware and shell currency. Slave owners usually accumulated vast quantities of shells during their life-time, which they stored in bronze containers. These shells were buried with the dead so that they could be used in the slave owners' next life.

Thirty-four tombs of Dian royal and noble families were excavated on Shizhai Hill in 1955, and more than 4,000 pieces of bronzeware and decorative artifacts were unearthed at the site.

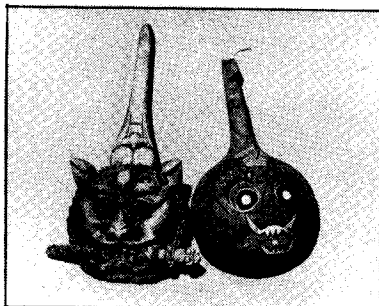
The enlarged woodcut sample in the main hall is an imitation of the bronzeware designs of the Dian people.

The damask is an imitation of silk fabric designs unearthed from a tomb of the State of Chu (ancient Hubei) in the Warring States Period (475-221 B.C.). The dragon, phoenix and tiger represent the deified animals which the ancient people of Hubei worshipped. Yin Xiangyi from the Hubei Popular Art Gallery told this correspondent that the ancient people of Hubei living in the middle reaches of the Yangtze River were rather romantic. Qu Yuan, one of the greatest poets in the Chinese history, was from the State of Chu. Yin said that phoenixes were used by the ancient Hubei people as a totem for their clans and these can be seen everywhere among the unearthed artifacts of the Chu culture. The phoenixes are usually above the dragons and tigers in position. They were regarded as

Tile cats from Yunnan Province.



"Tun Kou" guards from Yunnan.



Two sacrificial wood carvings from Yunnan.



Wood carving from Yunnan.



the highest symbol of ideals for the ancient people. Hubei people created more and more beautiful images of the phoenix.

Simplicity and Mystery

In the Yunnan exhibition hall, male and female costumes of dazzling colour and design are on display. The ethnic garments of Yunnan Province have for a long time been the subject of research. Li Weiqing, member of the standing committee of the Yunnan Artists' Association, said that the clothes of minority nationalities in Yunnan inherited the concept of the totem, the symbols of the clans and the remnants of witchcraft and, therefore, are not only of artistic value, but are also of great significance in terms of ethnology and folklore.

Pointing out two round designs embroidered on the back of garments from the Naxi nationality, Li said they bear influences of the frog totem. People of the Jingpo nationality believe that all things on earth have a soul, and on their skirts are patterns symbolizing the paddy field and unhusked rice. People of the Dai nationality living in the dense forests in Xishuangbanna use elephants as their main form of

transport and so their garments feature tropical animals such as elephants, peacocks, monkeys and crocodiles. Li also said that early batik garments of the Miao nationality displayed a topographic map for use in wars between different clans. The concept was later handed down to become the decorative designs for their garments.

In the middle of the Yunnan exhibition hall stand two huge bronze sculptures. On the left is "Two Leopards Biting a Boar" and on the right, "Two Leopards Biting a Wolf." They are enlarged examples of bronze ornaments excavated from Shizhai Hill. The original art works are as small as the palm of the hand, and the three fighting animals are harmoniously posed to create one piece. The hollowed-out designs indicate the level of skill attained by the ancient Dian people in bronze ware.

The exhibition of multicoloured silk damasks leads the viewers into a wonderful world. The Dai nationality has a long history in spinning and weaving which extends back to the Eastern Han Dynasty (25-220). Red, black and white are their preferred colours and their designs use square and rhomboid shapes with a strong sense of rhythm.

Various types of wood carvings are also on show in the exhibition

hall. The carved wooden boards used on the tomb of the Jingpo nationality are more than one metre high. The golden yellow cross-shaped board resembles a person stretching out his arms. On the top of the board are red, black and white designs surrounded by birds. A wooden sign is placed on the top of the board to distinguish the sex of the dead (sword for man and spindle for woman). Li Weiqing explained that people of the Jingpo nationality believe that people keep their soul after death, but they are afraid of interference by evil ghosts and a symbol is placed on the tomb to drive out demons. Tomb symbols are not only wooden art works, but also involve drawing techniques. Li added: "Primitive art works always had a conceptual basis. There are no pure art works for decorative purposes only."

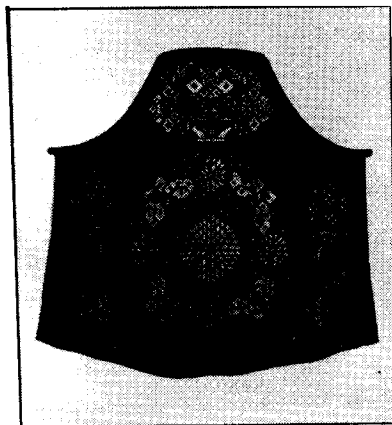
The folk arts on display at the exhibition hall were collected by a dozen or so artists from the Yunnan Popular Art Gallery and the Yunnan Art Academy who spent more than three years collecting the works from a dozen or so counties in the province.

Some works are perhaps on display for the first time. "Tile cat" is one example. Tile cats Made of pottery clay are placed on a tile roof, upturned eaves or lintel to exorcize evil spirits. Primitive religions which believe that all things on earth had a soul held that ghosts and spirits existed in the mountains, trees, stones and water. Placing tile cats on various parts of the building was one method adopted to ward off harm. Few people today still believe this, and tile cats have gradually become more decorative than religious. Tile cats on display take on different expressions and shapes. Those from Kunming, capital of Yunnan Province, have wings on their back. Although their open mouths expose sharp teeth, they look innocent. Tile cats from the Qujing area look like big strange insects, and those from Yiliang wear a smile as if they have

A carved pillar worshipped as a village protector in Yunnan.



A cross-stitch apron from Hubei Province.



forgotten their role to repel evil. "Jiama" paper, a kind of religious paper painted with the image of the god to which the sacrifices are offered, is another art form on display. Different kinds of "jiama" paper are burnt for different sacrificial gods.

According to Li Weiqing, "jiama" paper from Yunnan may be of many different styles. Craftsmen near the interior are earnest and precise in engraving blocks for "jiama" paper. They are usually faithful to the original. But craftsmen in the minority areas are less scrupulous. Their bold engravings have blazed new trails towards creating a shrewish style.

Various kinds of masks exhibited provide examples of their multi-functions such as for drama props or as ceremonial instruments for wizards performing religious mass. One mask to make a deep impression on viewers is the *tun kou* hung on doors to exorcise evil and disease. These masks are distinguishable by their strong colours and fierce aspect.

A rich and varied display, Yunnan's folk arts and crafts offer viewers an insight into the artistic worlds of different minority nationalities, and their pursuit for beauty and creativity.

Beautiful and Skilful

The Hubei Folk Arts and Crafts Exhibition displays the 3,000-

year-old Chu culture and its brilliant craftsmanship.

"A Drum on a Tiger-Shaped Pedestal," a 1.8-metre-high wood carving, is a model representing the animals guarding Chu tombs. The drum is supported by two birds on the back of two tigers. The beautifully shaped wood carving is painted red, black and yellow, luxuriantly demonstrating the high living standard of the aristocrats of the State of Chu.

Hand-stitched works are very popular in Hubei Province. Cross-stitched scarves from Huangmei County are famous throughout the country. The designs stitched on the dark blue cloth are rich in content. The "Magpies and Plum Blossom" symbolizes affection between husband and wife while "Carp Under the Lotus Flowers" illustrated plentiful food and clothing. Designs are varied and can be both dowry and funerary works.

The rhythmic symmetrical embroidery of the Tujia people provides a sharp contrast with its blue and white colours and bold, unconstrained designs.

Patchworks demonstrate the rich imagination of rural women. They are used mainly for aprons, shawls and bibs for children. Small pieces of coloured fabric are

pieced together to create beautiful patterns. An apron is always patched with several peony flowers, two phoenixes and several angels. Even its pocket is adorned with a phoenix.

According to Yin Xiangyi, the 1,400 exhibits represent the best of 46,900 works collected throughout the province. Over the last three years about 1,000 persons from local art and cultural centres have collected and collated art works for the exhibition. More than 50 local art and cultural centres held folk art exhibitions or family art shows.

Also on display are eight carved wooden windows from local houses. For hundreds of years wood carvings from Hubei Province feature strong images and bold techniques. The windows with the legendary Eight Immortals against a background of engraved flowers demonstrate the unique workmanship of the craftsmen.

Papercuts, pottery, wood-block printed New Year pictures and shadow play figures and props are also on show.

Opera Art Displayed

A display of 1,300 works of art related to local operas has proved a great attraction.

Li Cunsong, deputy curator of the Chinese Museum of Folk Art who is in charge of the exhibition, explains that most exhibits have great value. They include carved rod puppets from the Ming (1368-1644) and Qing (1644-1911) dynasties, original Yangliuqing New Year pictures, shadow play props reserved by descendants of the Qing nobilities and papercuts by well-known Wang Laoshuang from the late Qing Dynasty.

Li Cunsong, 60, has long held an interest in folk crafts and began to collect pieces as early as the 1950s. In 1958 the Shanghai People's Fine Art Publishing House issued an album of the folk toys collected by Li and in 1960 Li

(Continued on Page 34)

A patchwork apron from Hubei Province.

Courtesy of Yunnan and Hubei provincial popular art museums.



A pottery animal head from a Hubei rooftop.





The opening ceremony featured an ensemble of over 1,000 playing traditional instruments.

Duan Wenhua



Wilderness, adapted from Cao Yu's play of the same title and performed by the China Opera and Ballet Theatre, tells the story of a peasant's revenge on his landlord.

Yang Fei

Zhang Chunlan Cuts Hair, performed by the Guangdong Chaozhou Opera Troupe, is the love story of the son of a prime minister and a princess of ancient time.

Yang Fei

Chinese Drum performed by the Song and Dance Ensemble of the Navy's Political Department extols the history and culture of the Chinese nation.

Yang Liming



First China Art Festival

The 42 Beijing performances for the First China Art Festival from September 5 to 25 included folk music, Henan opera, dance dramas, dances, modern dramas, *quyi* (folk art forms including ballad singing, story telling, comic dialogues, clapper talks and cross talks), acrobatics, shadow plays and puppet shows. Performances were also staged in other places of China as part of the festival.



Bronze Sparrow Dancers by the China Opera and Ballet Theatre tells the tragic tale of a female dancer and a drummer.

Yang Liming



A Dream of China performed by the Shanghai People's Art Theatre tells of a love story between a young American and a Shanghai girl, and the conflict and harmony of the Chinese and Western cultures.

Bi Yuenian



Eight Women Fighters performed by the Qianjin Song and Dance Ensemble of the Political Department of the Shenyang Military Command displays the heroic spirit of Chinese women in the face of invaders.

Yang Liming



Developing Foreign Technology Market

The China National Technical Import Corp., the earliest and largest import group in China, this month became the China National Technical Import and Export Corp. marking the expectations for increased technical export held by over 200 import and export companies in China. In addition to the import of advanced technology, China is making efforts to also become a technical exporter.

The country's technical export has been growing annually. Between 1979 and 1985, China exported 40 projects valued at US\$50 million, an average of about six projects each year, worth US\$7 million. Last year 20 projects worth US\$20.4 million were exported, and in the first half of this year, 24 export contracts to the value of US\$50 million were signed. The 1987 export is expected to exceed the total figure for the previous seven years.

The form of export technology has also seen some changes. In addition to the consistent export of traditional industrial and agricultural technology, China has begun to export advanced technology, including satellite launching and computer software systems to Western countries.

This year the corporation has already exported 60 technological projects, complete equipment and production lines to the United States, Japan and West European countries, according to an official from the China National Technical Import and Export Corp. He added that China has exported its five-stroke character input technology to DEL, the second largest computer company in the United States. China has also signed its biggest medical technology export contract with SDL of the United States. The US\$10 million contract involves providing 20,000 WS frequency spectrum effect phusiatics apparatus machines

and their associated technology. China's KTD laser crystal technology has also been exported to Japan, and many other technological projects are at present being discussed.

According to Zhang Haoruo, vice-minister of Foreign Economic Relations and Trade, China now has a large number of advanced industrial technologies. Between 1980 and 1985, about 33,000 scientific research results were recorded, 5,000 of them up to advanced world standards. From 1980 to date, another 10,000 achievements in scientific research were made and about 30,000 patent applications lodged. This indicates that China's technologies can now meet the demands of the world technology market and that the country has great potential as an exporter of new technology.

In order to strengthen its technological exports, a book entitled China Technology Export List featuring 1,000 entries, has already been printed and published. China, well-known for its pioneering technology with gunpowder, the compass, paper making and printing, is once again ready to enter the world technological market.

by Li Rongxia

China Offers Arbitration Services

The Foreign Economic and Trade Arbitration Commission of the China Council for the Promotion of International Trade has accepted 130 economic cases involving foreign concerns since the beginning of the year and arbitrated 30 of them, according to Cui Bingjin, general secretary of the commission.

Most cases considered by the commission involve contract disputes, disagreements on compensatory trade and processing with supplied materials, and dissatisfaction with the quality

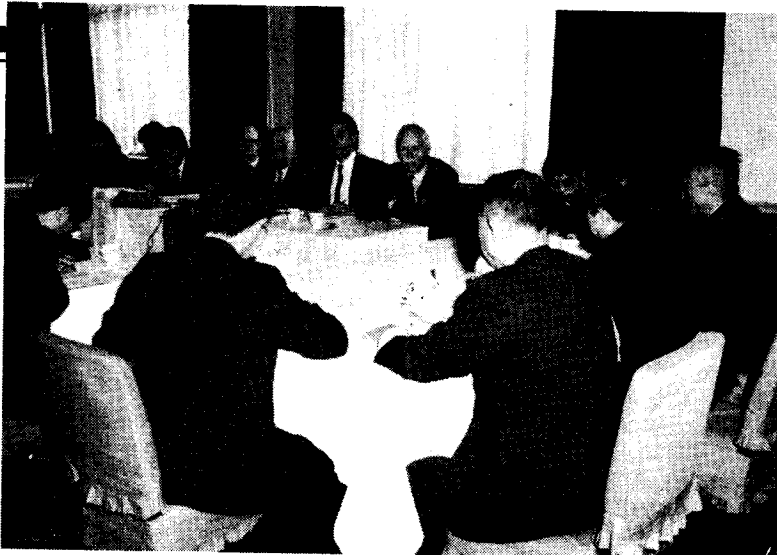
and quantity of import and export goods. Dozens of foreign countries and regions are involved, including the United States, Japan, Federal Germany, Italy, Poland, Czechoslovakia, and Hong Kong. Half of the cases arbitrated by the commission are solved through mediation.

Cui said the Chinese commission arbitrates disputes fairly and reasonably according to the facts and law, especially when it comes to respecting contracts and agreements signed and consulting related international practices. The commission will abide by any special laws stipulated in contracts between parties, or it will handle disputes according to those laws related to the individual contracts. All Sino-foreign joint ventures and co-operative enterprises for developing China's natural resources must abide by Chinese laws. If the Chinese law conflicts with agreed upon international regulations, the international regulations will hold sway.

Any awards made by the Chinese arbitration commission are final and effective for both concerned parties. Further prosecution in court by any party is forbidden.

China joined the UN Convention on Recognition and Enforcement of Foreign Arbitral Awards on January 22 this year. Since then China has admitted and implemented arbitration awards made by the 72 signatory states to the convention. Chinese arbitration has likewise been recognized and implemented by all the states.

At present the Chinese arbitration commission has established relations with counterparts in many foreign countries and signed co-operative agreements with the arbitration organizations of Japan, Italy, Sweden and Ghana. China has sent representatives to draw up the Model Law on International Commercial Arbitration of the United Nations' Commission on International Trade Law, and to act as



An arbitration meeting for a case involving overseas concerns.

CUI BINGQUAN

arbitrators at the invitation of British, Polish, Australian and Hong Kong arbitration organizations. Discussions are also under way with Federal Germany for the signing of a bilateral co-operative mediation agreement.

The Chinese arbitration commission established in 1956 comprises 71 members who are authoritative persons in trade and

legal fields. The commission not only accepts and handles economic disputes involving foreign concerns but also provides arbitration and legal consultancy services, studies international arbitration, handles promotions and participates in all types of international arbitration activities and conferences.

by Liu Jianjun

Hebei Export Talks Prove Successful

Hebei Province signed 103 contracts with foreign businesses to a value of US\$85.859 million at the export commodities symposium held this month. Import projects using ready money account for 88 of the contracts worth US\$55.45 million, a huge increase on the US\$30 million target; the remaining 15 projects using foreign capital form an investment of US\$30.4445 million. Foreign capital for the ventures comes to US\$16.647 million, and exports are expected to reach US\$32.84 million, US\$17.84 million more than the target figure.

At the same time, many other foreign business representatives have concluded 40 agreements with Hebei Province. Of these, 12 are import projects valued at US\$13.74 million, and 28 will use foreign capital to the figure of US\$56.036 million.

The projects involved will be in such areas as textiles, light industry, metallurgy, building materials, machinery, electronics, chemical industry, medicine and agriculture. Most of them will import key technology and equipment.

Xie Feng, governor of Hebei Province, cuts the ribbon to open the symposium.

ZHANG ZHIPING



Export commodities have changed to include an increased proportion of processed products. In the past, exports in the textiles area comprised cotton yarn and grey cloth. This year, prints make up 70 percent of textile exports. Some other commodities such as chestnuts in syrup, narcissus white spirit, fish slices, wood pearl and cushions have for the first time entered the international market.

Over 980 foreign business people from 27 countries and regions, including the United States, Japan, Canada, Federal Germany, Britain, France, Holland, Switzerland, Australia, Hong Kong and Macao, participated in the symposium, and expressed satisfaction at their business talks.

Coking Dren Gas, general representative of the GDR Krupp Koppers Co., said that his company is very interested in the China market. During the symposium, Krupp Koppers signed a 159 million yuan export equipment contract with the Shijiazhuang Coking Plant.

So far, Hebei has established economic and technological ties with over 120 countries and regions in the world, and developed economic trade co-operations with over 20 countries and regions.

by Li Rongxia

Quarantine Service Plays Key Role

The role of those who guard China from diseases brought in from abroad has steadily gained in importance in recent years as the country implements the policy of opening up to the outside world. But while the fight against AIDS has brought the health quarantine service into the public eye, few people understand the job of the animal and plant quarantine service or know what it means to China's economy.

"More efforts are essential to win support and comprehension from the public," said Qu Nengzhi, senior agronomist and director of the Shanghai Animal and Plant Quarantine Service.

The port of Shanghai is the largest in China and one of the 10 busiest ports in the world. With the rapid development of China's economy and foreign trade, Shanghai is now handling one-third of the total volume of freight handled by the country's 14 open coastal cities. In 1986, Shanghai handled 126 million tons of freight.

The figures reflect the success of China's modernization drive. But they also indicate an increasing danger that diseases and pests could be carried into China. The animal and plant quarantine service at the port of Shanghai handled 7 million tons of imports and exports in 1986, excluding live animals. The service took in a total of 1.95 million yuan. "This year our load has been even heavier, so I'm sure that all of last year's figures will be surpassed," Qu said.

Shanghai has the biggest animal and plant quarantine centre in China. It has a staff of 100, including 72 professionals, 35 college graduates and five senior agronomists. With advanced quarantine equipment, the Shanghai service is the technical centre for animal and plant quarantine work in eastern China.

The history of China's animal and plant quarantine service goes back to the early 1930s. In 1932 Zhou Bingwen and Cai Wuji, then the director and deputy director of the Shanghai Administration of Commodity Examination, sent Zhang Jingou, an entomologist, to Japan and countries in Southeast Asia to study the local quarantine laws. Shanghai was the first Chinese city to conduct its own examination of imported animals, plants and related products. The anti-Japanese war (1937-45) interrupted the service, but it was restored after the founding of the People's Republic in 1949.

In the early 1960s, the State Council decided to strengthen the service by transferring it from the central and local foreign trade administrations to the agricultural departments.

"In 1965," Qu said, "the Ministry of Agriculture was authorized to set up animal and plant quarantine inspection agencies at each boundary port. Shanghai once again took the lead." But again the development of the service was disrupted, this time by the "cultural revolution" (1966-76).

Substantial further development has occurred only since 1980. In 1982 the State Council issued animal and plant quarantine regulations, which are still in use, and a law is in preparation. Today, the service employs more than 2,000 inspectors at 43 open ports across the nation.

According to Qu, who is also deputy general director of both the China Plant Quarantine Association and the Shanghai Entomology Society, since the founding of Shanghai's animal and plant quarantine service, a wide range of diseases and pests have been found in the course of inspections. The animals, plants or products affected were destroyed, fumigated or returned to their place of origin. In a recent operation, the service burnt more than 700 kg of seeds from the United States, Mexico, India and Australia, and

more than 2,000 items of nursery stock from other countries, including pine and sakura seedlings from Japan.

The animal and plant quarantine service has always sought to increase contact with its foreign counterparts. The Shanghai service has co-operative links with many countries, including the Democratic People's Republic of Korea, Yugoslavia, Romania and the Netherlands. To keep in touch with the latest progress in the field, the service has sent staff members to study in the United States, Denmark and New Zealand. Experts from the service have also been sent abroad for field studies, and experts from Canada, the United States, Australia, the Netherlands, Federal Germany and Japan have visited the Shanghai service.

The service is in the midst of an expansion programme. Branches are to be set up at Wusong Harbour and Hongqiao International Airport, and the plant and animal isolation areas in the outskirts of Shanghai are being enlarged. The service also plans to establish a "twin" relationship with its counterpart in Melbourne, Australia.

The planned new law on animal and plant quarantine and technical advances in the service will help raise its public profile, Qu said.

by Dai Gang

China Makes Efforts To Prevent AIDS

Acquired immune deficiency syndrome (AIDS) has spread to 122 countries and regions in the world. To date 50,000 cases have been discovered and an additional 3 million people are known to be infected by the AIDS virus. An Argentine tourist with AIDS died in Beijing in 1985 and an overseas Chinese AIDS victim who came to visit Fujian Province died last February. In Zhejiang

Province, four Chinese were infected after they received injections of blood products imported from the United States. And some people who entered China recently have responded positive to blood tests for AIDS.

China has adopted a series of measures to prevent the entry and spread of this deadly virus. The main measures are:

- Publicizing knowledge about the disease, including its symptoms, causes, effects and prevention;

- Strengthening quarantine procedures and refusing AIDS victims entry into China;

- Requiring foreigners who have had or who plan long stays in China to get a health checkup at the border or hand over a health certificate;

- Forbidding the importation of blood, blood products and second-hand clothing;

- Strictly forbidding illegal sexual contacts with foreigners;

- Requiring all medical departments open to foreign patients to sterilize all their medical instruments and devices and use syringes only once.

Chinese medical experts believe that while AIDS is a dangerous virus, its ability to subsist outside the body is weak. It takes about five years for people who have been infected by the virus to be stricken by AIDS and about 10-30 percent of the infected persons develop the syndrome. The virus is transmitted in a limited number of ways. In socialist China, the main means of spreading the virus — homosexuality, casual sexual contacts and drug addiction — are opposed by both the government and public opinion. Still it is necessary for China to strengthen popular education about AIDS, seriously carry out prevention measures, step up research on prevention and treatment and establish a system for checking the spread of AIDS.

Chinese traditional medical experts said China has not

experimented with herbal treatments for AIDS. But the syndrome, according to Chinese traditional medical theory, is caused by heat inside the body and is a heat symptom-complex. The experts believe that medicinal herbs which lower the heat of the body, ease the mind and strengthen the body could be a safe, cheap and effective way to treat the disease. The Chinese Traditional Medical College in Beijing will send four Chinese deep breathing and acupuncture experts to the United States next year to study and treat the disease under an agreement signed recently with Harvard Medical College at the Sino-US AIDS Prevention Research Forum.

The Shanghai municipal government conducted health examinations of 3,000 sailors and labourers who recently returned from abroad; some of them had had transfusions of imported blood and asked to be tested. None has been found infected by the AIDS virus, according to head of the Shanghai Sanitation and Anti-Epidemic Office.

He said the Chinese government has forbidden the importation of all blood products except albumin, but some blood products are still being sent into the country. All medical departments in Shanghai are forbidden to use them.

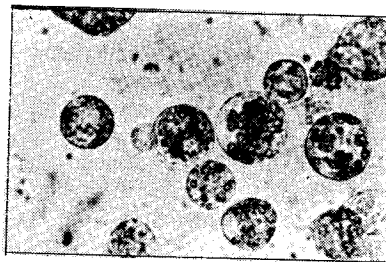
Taking effective precautions has always been a basic principle of Chinese medicine. And until other ways to treat and prevent the spread of AIDS are found, precautions are the only effective way to check the deadly virus. ■

Test-Tube Maize Attracts Attention

Chinese botanists in Beijing have cultivated the world's first regenerated plants from kiwi fruit and maize.

Ordinary plant cells, which consist of protoplast protected by

walls of cellulose, are very hard to fuse with genetic materials from other plants. But naked cells namely protoplast separated from the cellulose walls can be fused with genetic materials for breeding and hybridization. Plants grown from protoplast are known as regenerated plants.



CAI QIGUI

Protoplast newly isolated from maize.



GAO CHENGZHEN

Regenerated maize plants.

Regenerated Kiwi fruit plant.

CAI QIGUI



In the past, plants could be grown only from seeds. Today, using bio-engineering methods, cells extracted from certain parts of plants can be transplanted onto, realigned or induced into new cells and then bred into regenerated plants in a test tube. It used to take many years to cultivate a good strain; bio-engineering has greatly reduced the time required. Moreover, plants never before seen can thus be created.

In 1971, a Japanese virologist cultivated the world's first regenerated plant from a tobacco leaf. Last year Japanese scientists succeeded in cultivating regenerated rice plants. Reports of similar success later came from France and China.

Ingo Potrykus, a Swiss scientist, came close to regenerating a plant from maize in 1977, but did not accomplish it. And in the following 10 years, although scientists around the world pursued the research, they failed to cultivate regenerated plants from maize.

Maize is China's major cereal crop next to rice and wheat. Last November, Chinese scientists headed by Cai Qigui, Guo Zhongchen and Qian Yingqian from the Institute of Botany under the Chinese Academy of Sciences joined the research effort. Within eight months they succeeded in cultivating maize seedlings from protoplasts. The green seedlings, which are still growing in test

tubes, will be soon moved into fields.

Before their latest success, Cai and his co-workers spent five years cultivating regenerated kiwi fruit plants. Kiwi fruit has great potential since it is rich in Vitamin C and can help the body fight cancer, Cai said, but it was hard to hybridize. Through bioengineering, however, new varieties can be developed.

Now 50 kiwi fruit seedlings are growing well in the fields in Hubei Province. They are expected to bear fruit within three or four years. An additional 20 seedlings which were grafted on to kiwi trees will bear fruit within two to three years. ■

(Continued from Page 27)

Folk Arts Shows

himself exhibited the toy collection.

Wherever he went, Li chatted with the old people in the teahouses or temples and asked about folk artists and their works. When he found the artists, he asked them to reproduce their past works.

In the last few years Li and his colleagues collected more than 20,000 works of folk art. Li explains his motivations, "Folk crafts are traditional arts with strong local flavour. They are the origins of the fine arts and rich sources for modern paintings."

Full of Vitality

The China Modern Folk Painting Exhibition represents the rich flavour of life. It includes more than 200 pictures of winding rivers, trees laden with apples, flocks of sheep and cattle on the grassland and ducks teasing the

surface of pond water.

The works are drawn by farmers, fishermen and herdsmen. Liao Kaiming, who is in charge of the exhibition, said the artists have applied the traditional technique used in papercuts, embroidery, New Year pictures and carvings to depict modern life and create a new artistic form. "These works are no longer peasants' paintings," said Liao. "We call them modern folk paintings."

"East and West Ponds" by Wu Tianju and Huang Anjun from Henan Province depicts a group of farmers bathing in ponds after hard work in the field. In the centre of the picture is a winding black dam with a blue and a red pond on either side. A group of women with their children bathes in the blue pond while their men bathe in the red one. Their shoes neatly line the dam. The painting is bright in colour and ingenious in composition. "It is full of a sense of humour," commented Vice-Minister of Culture Ying Ruocheng.

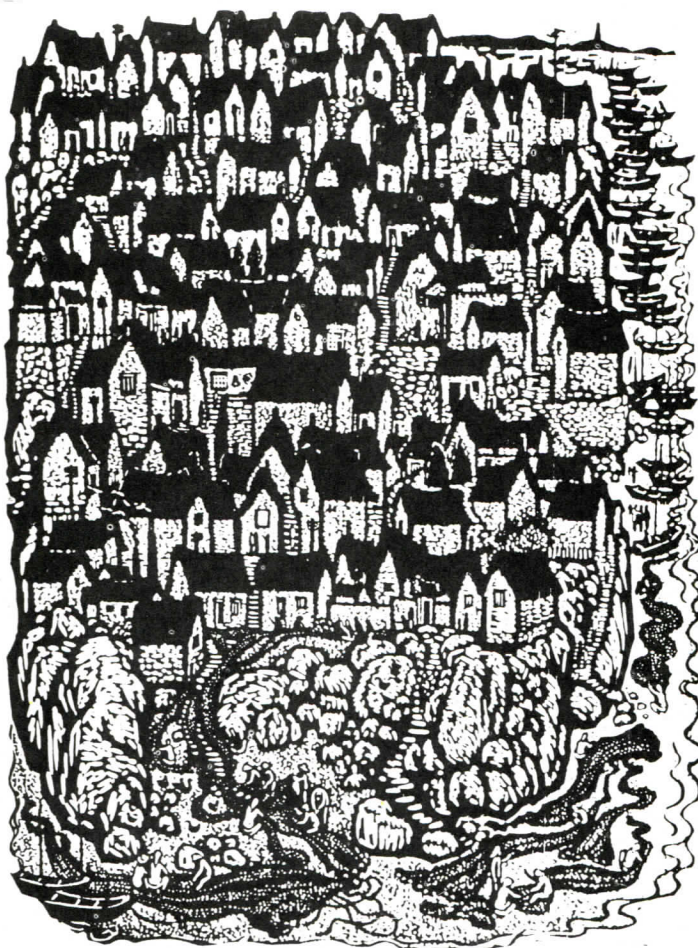
"Cowboy and Buffaloes" drawn by Liu Guangsheng from Jiangxi Province indicates the artist's rich imagination. In the

middle of the picture is a boy weighing down a branch with three leaves which cover most of the space of the picture. Lining the edges are the heads of nine buffaloes vying for the leaves. The painting is mainly in yellow, with the three leaves in a dull colour and the cow heads are in various colour stripes.

Liao Kaiming said the folk artists have made a new niche for themselves. Their wide field of vision and simple works are full of energy and create a challenge to more established artists. China's modern folk paintings share some similarities with Western modernist school but they are not imported from the West. They have their own definite unique style.

Liao speaks highly of three works by Zhang Xinying from Shanghai, a retired worker now living in the country side.

"A Corner of the Kitchen" shows Zhang's ability to generalize and to accurately depict the utensils in a kitchen. "Fighting for Fodder," a painting of two fighting cocks, shows his exaggerated style and his ability to apply colours. ■



Fish island.

ART PAGE

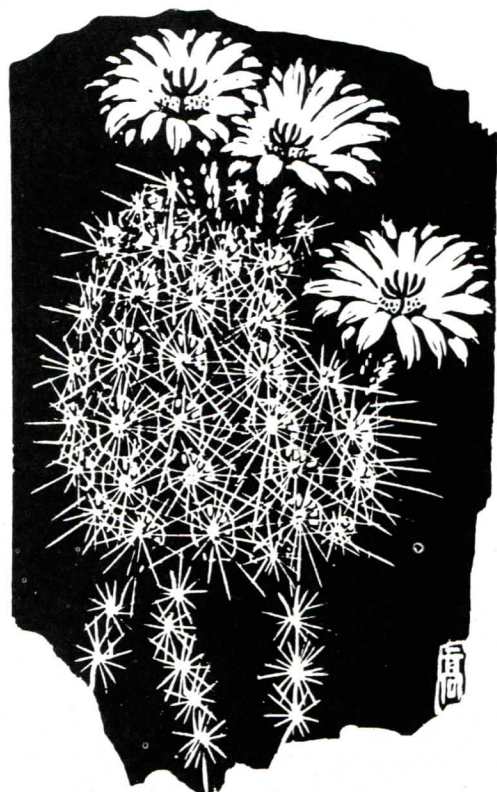
Woodcuts by Gao Zhenheng

Gao Zhenheng, born in 1940 in Shulu County, Hebei Province, now teaches at the Tianjin Academy of Fine Arts.

Gao specializes in black and white woodcuts. His works have a sense of realism and balance; some of them, compact and delicate in execution, may be used as ornaments reflecting nature and producing a feeling of beauty.



A golden ball (*Echinocactus grusonii*) cactus with red flowers in blossom.



A golden ball (*Echinocactus grusonii*) cactus with yellow flowers in blossom.

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