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China's Stand on UN Issues



New Directions in
China's Ownership



A night school.

Zhu Chaoping



A young girl using the catalogue in the
reference room of the library.

Shang Gongshe

CONTENTS

NOTES FROM THE EDITORS	4
The Fight Against Bureaucracy	
EVENTS/TRENDS	5-9
Zhao Ziyang Interviewed by NBC	
China Opposes Dalai's Statements	
Water Saving Urgent and Feasible	
People to Swim Across 35-km Strait	
INTERNATIONAL	10-13
Arms Talks: INF Agreement Spearheads Disarmament	
Comecon: Co-Operation Takes a New Tack	
Uganda: Troubles Fading Into the Past	
South Korea: Rho Tae-Woo Woos Washington	
China's Position on Major World Issues	14
Study of Economic Theory: Socialist Countries Diversify Ownership	19
China Tries Out Shareholding System	22
Stock-Buying Craze Hits Shanghai	24
Facts & Figures: Changes in Ownership Structure	26
BUSINESS/TRADE	28-29
FROM THE CHINESE PRESS	30
CHINA CALENDAR	31
CULTURE/SCIENCE	32-33

Cover: Left: A state-owned shop in Beijing's Wangfujing Shopping Centre. Upper Right: A Hong Kong-invested photo printing centre in Beijing. Lower Right: Popular snack booths outside the Imperial Palace in Beijing.

Xue Chao and Luo Haibo

HIGHLIGHTS OF THE WEEK

Premier Zhao Interviewed by NBC

■ In an interview with NBC, Premier Zhao discusses China's reforms, the question of intellectuals, Sino-US and Sino-Soviet relations, and other issues (p. 5).

China's Stand on Major World Issues

■ Chinese Foreign Minister Wu Xueqian made an important speech at the 42nd Session of the UN General Assembly on key international issues including disarmament, regional conflicts and peace and development. These issues are of prime concern to China and the entire world (p. 14).

A Step Towards Superpower Disarmament

■ After years of tough bargaining, the Soviet Union and the United States finally reached an agreement in principle last month to eliminate all of their intermediate-range missiles. Although the weapons account for only 5 percent of the two nuclear superpowers' nuclear arsenals, the pact is an important step towards disarmament (p. 10).

The Fight Against Bureaucracy

■ The recent exposure and public censure of bureaucratic practices have had a great impact and served as an instruction to cadres and the people at large. The emergence of bureaucracy is attributed not only to personal attitudes and work methods but also to management systems (p. 4).

Socialist States Change Ownership Pattern

■ Experience in socialist countries has shown that all forms of ownership have their advantages and disadvantages. Developing an economic structure incorporating a range of systems predominated by public ownership will counter the weaknesses and extend the advantages of any one system, thus ensuring the more effective development of the socialist economy (p. 19).

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The Fight Against Bureaucracy

by An Zhiguo

Bureaucracy has recently come under fire, and leading cadres who committed serious bureaucratic errors have been dealt with. After the Greater Hinggan Mountain forest fire in May caused by confused management, lax discipline and carelessness, the State Council dismissed the minister and a vice-minister of forestry from their posts. Recently 17 officials in the forest area who were responsible for the fire were dealt with. They include the secretary of the forest area Party committee, and the director of the administrative office. Some were arrested for dereliction of duty, others were removed from Party and non-Party posts or given other penalties.

The head of Cangshan County in Shandong Province was dismissed for remaining indifferent to the farmers' interests. The county had a bumper harvest of over 10 million kg. of garlic bolts, but the county government failed to organize the purchase and sales properly, so prices slumped and the farmers complained bitterly.

Bureaucracy, characterized by isolation from the masses and reality, delays, inefficiency and irresponsibility, is quite common in China's political life. The government has repeatedly called for efforts to overcome bureaucracy, but without tangible results. An important reason is that bureaucracy was never severely punished and people who had committed serious bureaucratic errors were just required to make a self-criticism. Recently bureaucracy was exposed and severely punished. This has had a great impact on those with bureaucratic tendencies and has educated cadres and people in general.

Serious bureaucratic errors such as those mentioned above are not so common. But there are many other forms of bureaucracy in daily life. For example, some leading cadres make arbitrary decisions without first familiarizing themselves with the objective situation. In foreign trade, the same equipment was ordered twice or three times over; sometimes home-made equipment shipped abroad was mistaken for advanced foreign technology and bought back — representing a waste of manpower, material and money.

Some leaders turn a deaf ear to the voice of the people and a blind eye to their well-being. They delay dealing with crimes and violations of discipline. Unlike major catastrophes, these manifestations of bureaucracy are easily overlooked, but their harm is great.

The Chinese Party, government and mass media all call for continuing the struggle against bureaucracy in all its forms. Many central and local leading bodies recently examined their own bureaucratic problems and began dealing with them. Transport departments, for instance, have taken emergency measures to solve the problem of goods piled at airports and railway stations; water conservancy departments checked to see whether anti-flood measures have been implemented.

Socialist China calls on all cadres to work wholeheartedly for the people. They are duty-bound to serve the public and have no right to act as overlords. In fact, China has many outstanding cadres, but some have become bureaucratic because they have been contaminated by bad

thinking and work style and totally forgotten the purpose of their jobs — serving the people.

The emergence of bureaucracy is attributed not only to personal attitude and work style but also to the current management system which is characterized by over-concentration of power. In Party-government relations, power is overly concentrated in the Party. Too much power is held by the central authorities, and not enough locally. Many problems, which should have been solved by local authorities and grass-roots units, are referred to central departments or leading bodies. Leading cadres are not omnipotent. If they take on too much, many things are inevitably left undone, or are badly done — all of this begets bureaucratism.

China's legal system is not perfect and it lacks strict administrative laws and regulations and a system of personal responsibility. The absence of clear stipulations on the responsibilities and powers of an organization and each person within it hinders efforts to tackle problems on one's own. In many cases there are no regulations to go by. Whenever a problem arises, the lower levels seek instruction from the higher authorities who then have to prepare a written reply. Official documents circulate and a resolution is delayed.

The democratic system currently in force is not sound either. Ordinary people find it hard to exercise supervision over leading cadres, who generally have an "iron chair" (a secure post). Some cadres, whose thinking and work style are far from satisfactory and about whom the people complain, tend to remain in position unless



Premier Zhao Interviewed by NBC

Reforms will be the keynote of the coming 13th National Congress of the Chinese Communist Party, Premier Zhao Ziyang said in an interview with NBC news anchorman Tom Brokaw in Beijing last Friday.

The congress will make a summary of the experience and achievements gained in the course of the reforms over the past nine years, and chart the course for both economic and political structural reforms in the future, the Premier said.

"We will move along the basic line laid down at the Third Plenary Session of the 11th Party Central Committee," he said. The session he referred to was held at the end of 1978.

"The pace of reform is bound to be faster and definitely will not slow down," he said.

He said China could develop only through reform and no alternative was available.

However, Zhao said, China's reforms and open policy were not meant to change its socialist system or do away with the leadership by the Communist Party of China.

"China is such a big country. Without the Communist Party's leadership, without adherence to the socialist system, stability and unity could not possibly be maintained, and the country and society would be plunged into turmoil."

He said, "I believe that the smooth conduct and success of the reforms and the open policy depend on our ability to get rid of the interference from conservative and ossified thinking and from the rightist thinking which aims at diverting reform away from its socialist orientation."

Asked whether he worried about the Party losing its influence on young people, Zhao said that things depended on whether the policy pursued by the Party succeeded.

True, he said, when China first

launched the struggle against bourgeois liberalization last spring, some young people did not quite understand. But judging by the changes in the last six months or more, young people have since acquired a better understanding.

Also during the interview, the premier talked about some Chinese intellectuals expelled or persuaded to withdraw from the Chinese Communist Party.

Brokaw asked whether it is possible that after the Party's 13th National Congress those who have been put into jail for criticizing the Party's policies and leadership would be released.

"So far as I know," Premier Zhao said, "no one has been arrested or put into jail for that and there is no such a case where people are thrown into jail because they have criticized the policies of our Party, or its leaders."

It would be another thing if the law was violated, he said, noting: "Mere criticism of the leadership would not land one in the situation as described by you."

You have probably heard of a Fang Lizhi in China," he told Brokaw. "He is a professor, an accomplished physicist. In the last few years, he kept criticizing the policies of the Chinese government and the Party and leaders on many occasions, including forums of universities."

But now Fang is still doing scientific research at a very important post, the premier said. Not long ago, he went abroad for an international academic conference. Recently he was interviewed by two journalists from Taiwan.

"But up to now he still keeps to his original views," Zhao continued. "He was a Communist Party member, yet under the circumstances, of course, he could not be a Party member any more. However, as an intellectual and a scientist, he still has people's respect and shows his talents at his post."

they break the law or make other serious errors.

In recent years China has discussed the issue of political restructuring, such as separating Party and government functions, delegating powers to the lower levels, granting greater autonomy to localities and enterprises and abolishing life-long tenure for leading cadres. Democratic appraisal, election and recommendation of cadres are practised in some organizations and enterprises. The State Council and provincial and municipal governments have restored supervisory departments to oversee cadres. The emphasis at the moment is focused on dealing with bribery in foreign trade. It has been decreed that from now on Party members who take bribes will be expelled from the Party regardless of the gravity of the case. All these efforts have yielded some results, but on the whole, the reforms are still at the experimental stage.

Political restructuring is high on the agenda of the forthcoming 13th Party Congress. Deng Xiaoping keeps emphasizing that political restructuring is aimed at motivating the masses, raising efficiency and overcoming bureaucracy. It can be expected that as long as China continues to combat bureaucracy, strengthen the education of cadres in the need to serve the people, reform the management system and improve the democratic and legal systems, the undesirable thinking and work style will be corrected. ■

Recently, a few Chinese intellectuals were expelled from the Party and some others were persuaded to withdraw from the Party. "Are there people in the United States who regard this as persecution or suppression of intellectuals in China?" Zhao posed the question and answered: "I do not agree to this view."

"If one joins the Party, one has to observe the Party constitution, programme and regulations," he said. "If a Party member is an intellectual or a writer, he will be respected as other intellectuals and attention will be given to bring his role into full play."

"But as a Party member, he is required to observe the Party constitution and programme. If he fails to do so, he will be asked to leave the Party."

Although the above-mentioned people have left the Party, they will continue to be respected as intellectuals and give play to their talents at certain posts. "I don't think this can be called a crackdown," he told Brokaw.

When asked whether China sells arms to Iran, Zhao said, "We have repeatedly stated that China has not sold weapons to Iran, and of course no missiles. China has all along been making efforts for an early end to the Iran-Iraq war. We will never do anything which is not in the interests of reconciliation between Iran and Iraq."

Zhao said, "As you know the international arms market is very complicated. If a country has the money and is ready to pay a high price, it will have no trouble in finding ways to acquire weapons."

"I think everybody knows which country has sold the largest amount of weapons to Iran," he said.

Turning to China's relations with the United States, the Chinese premier said that China attached great importance to Sino-US relations and hoped for their continued development through joint efforts.

The premier said since the issuance of the Shanghai Communiqué and the communiqué on the

establishment of diplomatic relations between the two countries, Sino-US relations as a whole have been quite good. In recent years these relations have been fairly stable and registered progress in some areas.

He pointed out in Sino-US relations, the Taiwan question is the major obstacle, the biggest difficulty and also a source of worry and anxiety. The Taiwan Relations Act of the United States has always been a thick shadow over Sino-US relations. "We do not know what will happen some day or other," he said.

Another problem, Zhao said, is the imbalance in trade. In the United States discussions are still under way with the aim of adopting protectionist trade legislation. Moreover, though US control on technology transfer to China has been somewhat relaxed, many restrictions remain in force.

"It is our hope that the United States will make further efforts to ensure even greater progress in Sino-US economic, trade and technological co-operation," Zhao said.

Speaking of Sino-Soviet relations, Zhao said there has been some improvement in the relations between the two countries in the fields of economy, trade, technology, culture and the exchange of visits. "I think Sino-Soviet relations in these fields will continue to improve as it benefits both sides," he added.

However, Zhao said, "improvement in political relations depends on the removal of the three major obstacles, especially the settlement of the question of Vietnamese aggression and occupation of Kampuchea."

Asked whether China worries about the fact that the United States and the Soviet Union seem ready to enter into a new warmer era of relations, Zhao said, "We welcome the INF agreement reached in principle between the United States and the Soviet Union. We hope they will improve their relations." ■

China Opposes Dalai's Statements

The Chinese government and people have all along been firmly opposed to any scheme designed to separate Tibet from China. We are opposed to the Dalai Lama making remarks on any occasion detrimental to the unity of China and the unity among all its nationalities, said a Chinese Foreign ministry spokesman on September 28.

Asked to comment on the Dalai Lama's statement at the US Congress and his "five-point plan" concerning the question of "the status of Tibet," the spokesman said "Tibet is an inalienable part of Chinese territory. This is a fact recognized by all countries in the world, including the United States."

At a meeting of the US House of Representatives Human Rights Subcommittee, he said, the Dalai Lama set forth a "five-point plan" on the question of the "status of Tibet," a question which simply does not exist. The essence of the "plan" is the continued preaching of "the independence of Tibet," the spokesman said.

The Chinese government has long pointed out that the Dalai Lama is not just a religious figure but an exile engaged in political activities, he said. Therefore, on September 1, the Chinese Embassy in the United States expressed grave concern to the US government over the Dalai's planned political activities in the United States and the hope that the US departments concerned would take measures to prevent him from engaging in any political activities in the United States against the interests of China.

We express regret at and strong dissatisfaction with the US government's failure to prevent the above-mentioned political activities by the Dalai, the spokesman said.

A few members of the US House of Representatives, he said,

in total disregard of the basic norms governing international relations, have gone so far as to openly provide a forum for the Dalai's political activities of preaching the independence of Tibet and trying to undermine the unity of China.

We express indignation at such an act of interference in China's internal affairs and harming Sino-US relations, the spokesman said.

Meanwhile, the State Nationalities Affairs Commission said in a statement that the Chinese people firmly oppose the Dalai Lama's persistence in activities aimed at splitting the motherland and sabotaging unity among China's various nationalities.

The statement said, Tibet has been part of China's territory since ancient times, and since the mid-13th century, China's central government exercised full sovereignty over Tibet. The People's Republic of China was founded in 1949; Tibet realized peaceful liberation in 1951; and the Tibet Autonomous Region was founded in 1965. The Tibet Autonomous Region and all other regions where autonomy by nationalities is practised are inalienable parts of the People's Republic of China.

The Tibetan nationality, like China's other nationalities, enjoys equality and regional autonomous rights, and the Tibetan people elect their own deputies, who manage state affairs along with deputies representing China's other nationalities. The Tibetan people have never before enjoyed such full democracy and freedom as today, and these facts cannot be changed by lies or slander, the statement said.

The commission's statement continued, "Our policy towards the Dalai Lama is consistent and definitive, and our principle previously announced still holds. He and Tibetan compatriots now residing abroad are welcome to come back to contribute to safeguarding the unification of the motherland, promoting unity

among various nationalities and building Tibet, but we are firmly opposed to any activity aimed at splitting the motherland and sabotaging unity among various nationalities, and we hope he will make a wise choice." ■

Water Saving Urgent and Feasible

Water resources management should be improved and water-saving efforts continued to eliminate the water shortage in the Beijing-Tianjin region. This was the conclusion reached at the International Workshop on Water Resources Policy and Management in the Beijing-Tianjin area.

The workshop, held in Beijing, September 6-13, was organized by China's State Science and Technology Commission, the East-West Center of the United States and the World Bank. About 129 Chinese and foreign participants appraised reports from China and the East-West Center, and discussed proposals to alleviate the water shortage to be submitted to the Beijing and Tianjin municipal governments.

The limited water resources of Beijing-Tianjin area consist of local river runoff, inflow from upstream areas and ground water. As a result of errors in policy and poor management of the available resources, too many water-consuming industries have been established, rivers have dried up or become polluted, and underground water has been overused. All this has left the region seriously short of water. A commission official said the Beijing-Tianjin region will have a shortfall of 2 billion cubic metres of water by 1990 and 4 billion cubic metres by the year 2000 if effective measures are not taken.

The dramatic shortage has led to great economic losses and

adversely affected the lives of area residents. Last year, the commission assigned a group of Chinese experts to study the problem in co-operation with the East-West Center. The results of the studies were reported at the workshop, along with proposals for action. Of the measures suggested, saving water was considered to be the most practical and effective.

Because of the area's decentralized water management system and the low water price, water resources have not been rationally used and a lot of water has been wasted, especially in large hotels, universities and colleges, and other large organizations. As a result, the shortage in the Beijing-Tianjin region is becoming increasingly critical.

Although China has three schemes for diverting water from the Changjiang (Yangtze) and Huanghe (Yellow) rivers, they are still controversial. The cost of the plans is huge, and does not conform to current economic conditions. Experts predicted that the schemes will not be implemented before the year 2000 because of the investment needed. "Drawing water from the Changjiang and Huanghe river systems should only be considered for the long term," Daniel Okun, a professor of environmental engineering at the University of North Carolina, said during the workshop.

On the other hand, water saving offers great potential. Early this year, the Beijing municipal government held a meeting to call on all residents to save water. It also used the radio, television and films in a broad campaign to promote water saving. By June, 210 separate measures had achieved remarkable success. About 15.4 million tons of water had been saved.

"The key to solving the problem is to save water by every means. There is the potential to save water in both agriculture and industry in the area," Vice-Premier Wan Li said when he met the experts

attending the workshop.

After a week of discussions, the workshop participants arrived at a consensus that the Beijing-Tianjin region should strengthen the management of water demand and readjust the economic structure in the direction of water saving to solve the water shortage problem.

"The solution to the Beijing-Tianjin water problem rests heavily on the improvement, and perhaps also the making of necessary changes to the organizational, institutional, legal and regulatory arrangements and authorities governing water resources," John Huang of the World Bank said in his closing speech.

A lot of suggestions for water saving were presented during the workshop. They included: making regulations for water distribution; reforming water pricing policy; reducing agricultural and industrial water demand; reducing water leakage in household and public facilities; increasing the recycling of water used for cooling and air conditioning; constructing more waste water treatment facilities to turn waste water into a resource; controlling water pollution; and desalinating sea water in Tianjin.

by Chen Qiuping

People to Swim Across 35-km Strait

Some enterprising and sports-loving Chinese people plan to swim across the Qiongzhou Strait, which separates mainland China from Hainan, the country's second-largest island. A preparatory committee has been set up to plan the swim, which is scheduled for next spring. The committee is headed by Mu Xiangxiong, vice-chairman of the China Swimming Association and former world record holder in the men's frog-style swim.

The swim, to be called the First Hundred Cup, aims to encourage a spirit of adventure among Chinese people and change the fact that no Chinese person has swum across a sea strait, said Che Tongshou, secretary of the preparatory committee. Income from the event will go towards the development of Hainan Island, which is less prosperous than other coastal areas of China. Conditions on the island are expected to improve with the plan to make it a province.

Crossing the English Channel has long been well-known activity, Che said. "China's Qiongzhou Strait is 35 kilometres wide, 2 kilometres wider than the English Channel. So, our swim will draw international attention and make world sports history," he said.

The swim is sponsored by the Thinking Technique Research Institute of the Beijing Modern Management College and more than dozen other research centres, magazines, newspapers and other organizations. As the event's name implies, the organizers,



many of whom will participate in the swim, hope that at least 100 people will finish the crossing. "Of course, the more, the better," Che said. So far, more than 60 people have entered their names for the swim. The youngest is a 16-year-old boy and the oldest are in their

60s. Anna Chennault and Katherine Wei of the Organization of Chinese American Women have said they will swim a short way to help publicize the event. Statesmen, scientists and other famous national and international figures are expected to do the same. "They don't have to go the whole way; they can swim as long as they can," Che said. Foreigners and representatives of foreign organizations are welcome to participate, he added.

The swim is planned for next March or April. In most parts of China, it will still be too cold to swim, but in the tropical island area, the temperature will be fine, he said.

Che said the swim should not be treated simply as a sports event. "As people may know, this is an adventure. More and more Chinese people are growing to like adventure and are planning such activities. This is a clear sign that traditional ideology is changing." As descendants of Confucius and Mencius, who advocated the doctrine of moderation, Chinese people are generally less aggressive and adventurous than people from Western countries. The Chinese are careful and prudent about everything they do. "It might be a virtue, but you have to realize that this lack of adventurous spirit also accounts for the slowness of China's development," Che said. He added that since China introduced economic reforms and opened its doors to the outside world, all traditional ideas have been challenged. Those that suit the new situation will survive, while those that counter the historical trend will fade away. As a result of the new policies, more people with gumption have appeared and they pursue new activities, including adventure, he said.

Che cheered the so-called drift craze in China, which started two years ago when a young man in Sichuan Province tried to conquer the Changjiang (Yangtze) River by drifting its whole course. Yao

Maoshu, the first challenger of the river, died in the attempt. Yao is regarded as a national hero and his death spurred many people, especially young people, to finish what he started. Many drifting teams were organized spontaneously to follow Yao, and one of them finally conquered the Changjiang River last year. Interest then turned to the Huanghe (Yellow) and other rivers, and more people became involved.

The drifting craze has provoked a nationwide controversy. Seeing many young men killed and lots of money and materials consumed, one critic asked: "Is this activity worthwhile? Where does the significance lie when the victory is obtained at the cost of so many lives and so much money?" Many people complain about poor management of drifting teams and the disturbance the adventurers bring to local governments and people. Drifting advocates respond that success in drifting is the same as victory in other sports, for example, when the Chinese women's volleyball team wins the world championship. The significance of victory cannot be measured in money, and anyway, no gain exists without loss, they say. "An adventure is a pursuit, and a pursuit is noble and glorious, that's the point," one student said.

He said, "I think the critics are too fastidious. It's also unfair to pick on people's faults when they dare to die." He said the Qiongzhou Strait swim will be well organized and the participants will pay for themselves. After the swim is completed successfully, he said, the organizers plan an even more ambitious crossing adventure—a swim across the Taiwan Strait. That swim would take the form of a relay race since the strait is too wide for one person to cross. "It is more difficult to do that though. We'll try. We hope people in Taiwan will co-operate with us," he said.

by Li Haibo

Meeting Discusses Third World Science

Chinese Premier Zhao Ziyang and leading world scientists have urged researchers in the third world to join hands to narrow the gap in science and technology between developing and developed nations.

The call came at the Second General Conference of the Third World Academy of Sciences (TWAS), which opened with a ceremony in Beijing's Great Hall of the People on September 14.

Zhao said China will continue to pursue the policy of opening its doors, not only to developed countries but also to developing ones.

He also expressed his appreciation to TWAS for its contribution to the growth of science in the third world.

Zhao said that in the past nine years, China's policies of economic structural reform and opening to the outside world have contributed to social, economic, scientific and technological development in China. International scientists, including many from the third world, have helped China develop its science.

China is a developing socialist country, Zhao said. Since the founding of TWAS, China has done what it can for its friends. But because China's economic development is still at a low level, what it has done falls short of what it would like to. The old China was subjected to bullying and humiliation; it was backward and poor economically. Great progress has been made since the founding of New China in 1949. So the Chinese are in a perfect position to understand third world countries. No matter how highly developed China becomes, it will never forget its third world friends.

Abdus Salam, one of the founders of TWAS, presented a

special medal to Chinese leader Deng Xiaoping for his contributions to scientific development in China and the third world. Salam, a noted Pakistani physicist, is the director of the International Centre for Theoretical Physics in Italy.

Salam also presented the four regular TWAS awards for physics, chemistry, biology and mathematics to Zhao Zhongxian of China, Saad S.M. Hassan of Egypt, M.A. Viswamtra of India and M.M. Peixoto of Brazil.

Professor Lu Jiayi, chairman of the conference organizing committee and former president of the Chinese Academy of Sciences, made a speech at the opening ceremony. He spoke of China's successful co-operation with other third world scientists in attempts to control desertification.

Under the auspices of the United Nations, the Chinese Academy of Sciences' Lanzhou Desert Research Institute is holding classes in controlling desertification. So far, 60 third world technicians from 25 countries have taken part in the programme.

China has also sent experts to Ethiopia and Tanzania to help work out plans to control desertification in those countries.

The Lanzhou Research Institute held a seminar during the conference, with participants from 12 countries. In recent years, experts and government officials from more than 40 countries, mostly in the third world, have visited the Lanzhou institute.

As for South-North co-operation, China has signed or is looking into contracts with Italy, Sweden, the Netherlands and Japan for joint research on the control of desertification.

Renowned scientists from more than 50 countries participated in the Beijing conference. TWAS has 133 members, including 11 Nobel Prize winners.

by Wei Liming

ARMS TALKS

INF Agreement Spearheads Disarmament

The agreement in principle by the United States and the Soviet Union to eliminate two kinds of nuclear weapons has given the people of the world fresh hope for further disarmament.

A US-Soviet agreement in principle to eliminate all their intermediate-range missiles has won wide praise and is regarded as an important step in the direction of disarmament and detente.

The pact was reached by US Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze during their September 15-17 meeting. A treaty is to be signed at a summit between US President Ronald Reagan and Soviet leader Mikhail Gorbachev, planned for later this autumn, a joint communique said.

Under the tentative agreement, the United States and the Soviet Union will scrap all medium-range missiles with a range of 1,000-5,000 kilometres and shorter-range missiles with a range of 500-1,000 kilometres. The Soviet Union has to eliminate 441 SS-20 and 112 SS-4 missiles in Europe and Asia, and 130 SS-12 and SS-23 shorter-range missiles in Eastern Europe. The United States must remove 332 Pershing-II missiles and Tomahawk land-based cruise missiles in Western Europe and stop the planned deployment of 240 cruise missiles.

For the first time in history, the two nuclear superpowers have agreed to eliminate some kinds of nuclear weapons. And for the first time since 1979, the two sides are seriously preparing to sign an arms-control pact. But there are still some important questions to be answered before the intermediate nuclear force (INF) treaty becomes a reality. One problem involves the timetable for destroying the missiles covered by the treaty. The United States wants

the Soviet Union to get rid of its shorter-range missiles in one year and its longer-range weapons in three years. But the Soviets have said it will take two years to eliminate their shorter-range missiles and five years for their longer ones.

The medium-range missile talks dragged on for six years and the road to the agreement was arduous and winding. Moscow's recent flexible policy was instrumental to the pact. The Soviet Union agreed to negotiate the medium-range missile issue separately, to eradicate shorter-range missiles in line with "double-zero" option, to eliminate its medium-range missiles deployed in Soviet Asia, and to allow strict monitoring of the pact. Gorbachev offered to single out the INF issue on February 28 this year. Previously, the Soviet Union had insisted on a blanket settlement of the long- and medium-range nuclear weapons issues and the

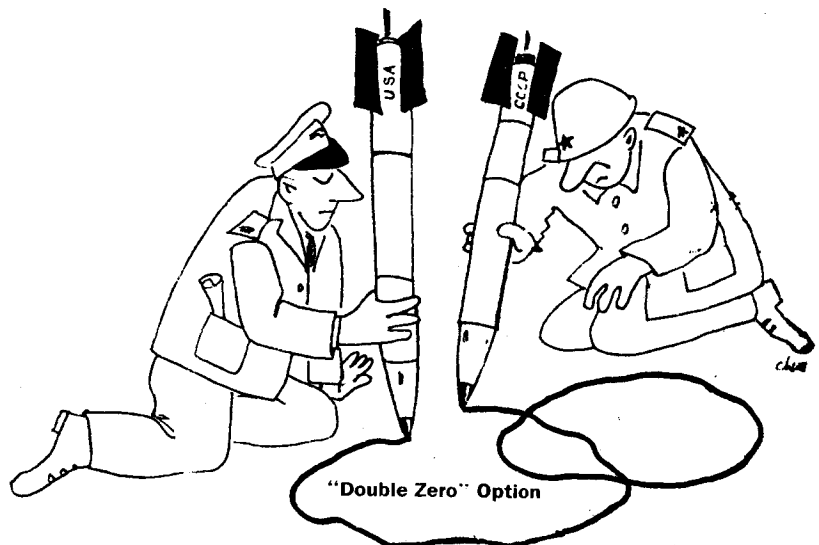
question of the US Strategic Defence Initiative (SDI), commonly known as "Star Wars."

Washington's willingness to compromise also contributed to the agreement. Reagan softened his terms for verification of the INF treaty. And Federal German Chancellor Helmut Kohl, a Western hardliner on arms control, removed one of the last obstacles to the deal by promising to scrap Federal Germany's 72 Pershing IA missiles if an INF treaty is signed by the two superpowers. The Pershing IAs of Federal Germany, with nuclear warheads controlled by Washington, emerged as a point at issue when the Soviet side insisted on including them in a superpowers' INF deal, and the US side claimed that the treaty had no business dealing with the weapons of a third country.

Although the joint communique said the two sides agreed to make an intensive effort to reach a treaty on a 50 percent reduction in long-range strategic missiles, Shultz and Shevardnadze have not made much progress in this direction or on prohibiting space weapons, the two main areas of the superpower arms race. The countries have redoubled their efforts to strengthen their strategic arsenals in recent years. At the end of 1986, the United States announced it would no longer abide by the second Strategic

We're Almost There

CARTOON BY CHIEN LINGXIONG



Arms Limitation Treaty (SALT II) signed in 1979 with the Soviet Union and went beyond the treaty's limit by deploying the 131st B-52 bomber with cruise missiles. The Soviet Union announced last August that it had started deploying its new SS-24 inter-continental ballistic missiles, each of which can carry 10 nuclear warheads.

During their meeting, Shultz and Shevardnadze agreed on the concept of a non-withdrawal period from the 1972 Anti-Ballistic Missile (ABM) treaty, but did not reach agreement on the length of the period. The United States proposed seven years while the Soviet Union demands 10 years. Shultz said they discussed restrictions on development and testing for the US SDI programme, but he stressed that the United States will not agree to restrictions that make it harder to pursue the programme.

Washington and Moscow have also agreed to reopen full-scale negotiations on nuclear testing by December, with the ultimate goal of ending all nuclear weapon tests. And both sides agreed to permit effective verification measures for the two current nuclear test limitation treaties. During the past year, the number of nuclear tests conducted by the two countries reduced the 1974 test ban treaty to a mere scrap of paper.

Most countries warmly applauded the efforts and progress towards disarmament by the United States and the Soviet Union and are looking forward to the coming summit. But some Western countries are nervous. North Atlantic Treaty Organization Secretary-General Lord Carrington warned that there will be a temporary vulnerability in Western Europe as both sides withdraw their missiles. Nuclear deterrence has kept the peace for 40 years, he said.

Since intermediate-range missiles account for only a small portion of the two superpowers' huge nuclear arsenals—approximately 5 percent—

observers say, an INF treaty, though no doubt a positive step towards easing the international

situation, is far from eliminating the nuclear threat the world faces.

by Xin Di

COMECON

Co-operation Takes a New Tack

A recent development in Comecon is the trend towards direct contact among economic groups in member countries. Previously, co-operation took place largely at the inter-governmental level.

A recent meeting of the executive committee of the Council for Mutual Economic Assistance (Comecon) called for reforming the organization to enhance co-operation among the member states—Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, Romania, the Soviet Union, and Viet Nam.

For the past several years, the organization has been seeking to strengthen ties among industrial enterprises of its members. Since Comecon was established in 1949, it has gone through several stages in mutual co-operation. Before the mid-1950s, Comecon countries focused their co-operation on the distribution of goods and services, for example, through barter trade. Between the mid-50s and late 1960s, they stressed co-ordinating their production in line with a division of labour among the members. In the late 1960s, the organization began to carry out the policy of economic integration. Each country's trade, production, financing and science and technology was tied into an overall Comecon plan. This "comprehensive co-operation" continued in the 1970s in the form of co-operation among the governments according to the plan of each member state.

In the 1980s, the rapid development of science and technology and the enthusiastic co-operation and competition in high technology in the industrialized countries awakened

Comecon to the danger that it might fall far behind the West in both economic development and science and technology. As a result, the organization perceived an urgent need to expand mutual co-operation among its members, while continuing to develop the economy and science and technology of each state.

A Comecon conference held in November 1986 set the goal of increasing direct contact among groups involved in science and production in different member states. The contact could take various forms, to be decided through consultation among the parties concerned according to their conditions and needs. The current trend is away from free co-ordination and towards co-operation with pay, which is carried out under a system of economic accounting. Comecon members believe that this recently developed approach to co-operation is more effective because it ensures that all the parties involved perform their duty and pay careful attention to the final results of their efforts.

The expansion of direct contact among economic groups on the basis of economic accounting has created the need for corresponding reforms in Comecon member states. The states are taking various steps to give their enterprises and research institutes greater decision-making powers and responsibilities necessary for the direct co-operation. Comecon is also making efforts to improve

the process of establishing such co-operation and work out related regulations to guide it.

Besides establishing direct contact among economic groups in different countries, Comecon is encouraging joint enterprises concentrating on specialized and co-operative production. In October 1985, the Soviet Union and Bulgaria signed an agreement to establish a company to make machine tools. Two months later, Bulgaria, Hungary, Cuba, the Soviet Union and Czechoslovakia signed an accord to organize a

Comecon international robot enterprise.

Direct economic co-operation has produced good results. It has helped in the solution of complex problems concerning both production and science and technology. It has enabled enterprises in Comecon countries to settle their technical problems among themselves. And it has speeded up the implementation of new technology and improved the economic efficiency of production.

by Xu Hongzhi

UGANDA

Troubles Fading Into the Past

October 9 is the 25th anniversary of Uganda's independence. Since the National Resistance Movement took power in January 1986, the country's political and economic outlook has brightened substantially.

In the 21 months since the National Resistance Movement (NRM) overthrew the government of General Tito Okello, Uganda has begun to develop towards peace and stability.

The East African country, formerly a British protectorate, became independent on October 9, 1962. Since then, tribal conflicts and rivalries among the various political parties have led to constant instability and one coup after another. The situation posed a serious threat to national unity. When NRM leader Yoweri Museveni came to power, he promised to promote democracy and safeguard personal security against human rights violations. He said he would pursue a non-aligned foreign policy and promote a mixed economy of state-run and private enterprises. These policies have proved their value.

In the two years before the NRM took over, Uganda's gross domestic product had dropped by 5 percent a year. Basic farm

implements, such as hoes, ploughs and tractors, were in short supply. Agricultural chemicals and seeds were not available. Industries were constrained by the lack of raw materials and spare parts. The country's roads were in disrepair and there were critical transport bottlenecks. The electricity supply was constantly being interrupted, where it was available at all. The situation was further compounded by heavy external debt. Debt servicing consumed 55 percent of export revenue in 1985 and 51 percent in 1986.

Uganda has about 14 million people. More than 90 percent of the population lives in the countryside. The total value of agricultural products accounts for more than half of the gross domestic product, and half of the state's tax revenue comes from agriculture. Coffee exports provide about 95 percent of the state's foreign exchange earnings.

To rejuvenate the economy, the government has adopted measures to promote agriculture. For

example, it has doubled the purchase price of agricultural products such as coffee, cotton and tea. Farmers are encouraged to plant groundnuts, soybeans and sesame to diversify agricultural output.

The government's recovery programme also involved a devaluation of the Uganda shilling from 14 to 60 to the US dollar. In the area of transport, trucks and buses have been imported. The construction and repair of main trunk and feeder roads has started. The renovation of hotels and hospitals has also begun. In industry, machinery, equipment and raw materials have been imported.

The Uganda government recognizes the importance of the private sector in the economy. Small farms are held by individual peasants, and the production of coffee, cotton and tobacco is carried out on private farms. The government is encouraging the private sector to play a key role in industrial development as well as in the transport sector. It plans to review all the laws and decrees

Harvesting banana in Uganda.



which deal with protection and privileges for foreign investors, with a view to harmonizing the laws and consolidating them into one statute. The government realizes, however, that an environment conducive to investor confidence is even more important than legislation. It is, therefore, Uganda's intention to work to create and maintain a congenial

climate for both domestic and foreign investment.

China and Uganda, both third world countries, have long-standing good relations, and China has assisted Uganda in some projects. The Chinese government and people wish to further develop friendly and co-operative relations with Uganda.

by Zhou Qingchang

SOUTH KOREA

Rho Tae-Woo Woos Washington

Rho Tae-Woo, head of South Korea's ruling Democratic Justice Party, recently visited the United States to seek Washington's support in the presidential election. The visit seems to have produced few results.

South Korea is in a state of flux. Huge student demonstrations for democracy since last June have left their mark, workers demanding higher wages have been staging strikes for months, and the increasingly intensive struggle between the authorities and the opposition over constitutional reform has left the political system in an uproar.

The ruling Democratic Justice Party (DJP) and the main opposition Reunification Democratic Party (RDP) have been holding negotiations on constitutional reform since July. The two sides have reached some understandings, including an agreement to hold a presidential election at the end of this year.

In this context, Rho Tae-Woo, leader of the DJP and the party's presidential candidate, visited the United States September 13-17.

Analysts said the visit was largely aimed at improving Rho's image and seeking political advantage for himself in the coming election. Rho also hoped to improve his party's image which until now was one of strangling democracy and seek more support inside and outside

the US Congress.

As soon as he arrived in Washington, Rho said he would tell the US government and public about democratic developments in South Korea. He boasted that a healthy political and democratic atmosphere had been established in recent months. In his talks with US President Ronald Reagan, he pledged that just elections would be held and that he, as chief of the ruling party, would implement the agreements between his party and the opposition. In reply to the frequent question of whether the military would intervene in South Korean politics, Rho said the troops would not get involved. To get more US support, he argued that his party and Washington share a common strategy. He also made some conciliatory gestures regarding the trade disputes between South Korea and the United States, and offered to open up South Korea's markets to US exports.

The US government adopted a neutral attitude to Rho's statements. Although Washington maintains close relations with South Korea's ruling party, Reagan did not offer to back Rho in the election. A White House

spokesman said the talks between Reagan and Rho did not mean that the US supports Rho's campaign for the presidency, adding that Reagan has also invited the leaders of the South Korean opposition parties to visit the United States.

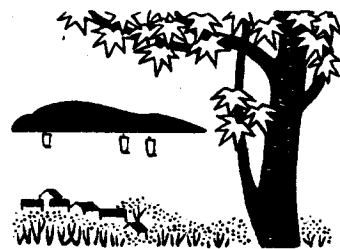
Why was the US government so cautious about Rho's visit?

First, considering its interests in the Far East, Washington does not want to see further unrest in South Korea. The DJP has ruled South Korea autocratically for a long time and cries of discontent among the people have been rising. The US government realizes that its support for the presidential candidate of the ruling party would arouse the hostility of the people and the opposition parties and would directly affect its interests in South Korea.

Second, the political outlook in South Korea remains unclear. Elements of unrest still exist, and there will be a sharp contest between the ruling and opposition parties around the presidential election. Although the opposition parties seem weaker at present, their potential cannot be underestimated. It would be hard for Washington to pick up the pieces if it backed a loser.

So during Rho's visit, the US government reiterated that it supports democratization in South Korea, rather than any specific presidential candidate or party. Observers consider that Rho's effort to gain the support of the US government produced few results.

by Xu Baokang



China's Position on Major World Issues

The following is the speech by the chairman of the Chinese delegation, State Councillor and Foreign Minister Wu Xueqian, at the 42nd session of the UN General Assembly on Sept. 23.



Over the past year, people of the world have made unremitting efforts on various fronts in pursuit of peace and development and achieved new and encouraging results. The third world and many small and medium-sized countries have played an active role in international affairs, exerting an increasingly great influence. This shows that the forces for peace have grown in strength. There have been ever stronger demands for a halt to the arms race and to aggression and expansion, and for genuine disarmament and an early settlement of regional conflicts. Under the circumstances, the United States and the Soviet Union have kept up their dialogue, and there has appeared a somewhat relaxed atmosphere in East-West relations.

However, factors causing international tension and turbulence are still present. The arms race, far from coming to a halt, is extending into outer space and other high-

tech fields. None of the "hot-spots" in the world has been removed, and certain regional conflicts even threaten to escalate. The world economic situation remains grim. Many developing countries are faced with increasing difficulties and the North-South contradiction has become more acute than ever. All this cannot but cause grave concern to China and all the other countries which uphold justice and strive for peace and development. In order to join in a common search for effective solutions to these problems, I now wish to set forth the Chinese government's position and propositions.

It is the universal demand of the world's people and the consistent stand of the Chinese government to stop the arms race and remove the regional conflicts.

Effective disarmament constitutes an important link in the efforts to ease international tension and maintain world peace.

Since the resumption of the Geneva arms control talks between the United States and the Soviet Union in 1985, we have all along hoped that they would, through serious negotiations, reach agreements conducive to world peace and not detrimental to the rights and interests of other countries. Now there has been progress in their INF talks. The two sides have reached agreement in principle to adopt the global "double-zero option" on LRINF and SRINF. We hold that dialogue is better than confrontation and relaxation better than tension. World peace is indivisible, and European security and Asian security are equally important. If the United States and the Soviet Union could formally conclude an INF treaty and implement it by thoroughly destroying all their LRINF and SRINF missiles deployed in Europe and Asia, that would be a first step towards nuclear arms reduction and would undoubtedly be welcomed.

Of course, there is still a long way to go and much work to do before genuine disarmament can be realized. Even with the LRINF and SRINF dismantled, the nuclear weaponry of the United States and the Soviet Union would be reduced only by less than 5 percent, and each would still retain a nuclear force capable of destroying the world several times over. To maintain world peace and security, there should be complete prohibition and thorough destruction of all types of nuclear, space, chemical and biological weapons as well as other weapons of mass destruction, and a substantial reduction of conventional arms. The people of all countries long for develop-

ment in peace. Disarmament is an urgent task, but the disarmament talks have been proceeding very slowly. Since the INF talks alone have dragged on for almost six years, negotiations on strategic arms reduction or other disarmament issues will be even more difficult going. If things move along at this pace, when could the approximately 50,000 nuclear warheads ever be destroyed completely? When could the above disarmament goals ever be reached? Naturally, the international community strongly hopes that the United States and the Soviet Union will drastically reduce their armaments as soon as possible, and that after reaching an INF agreement, they will proceed to conduct earnest negotiations on disarmament in other areas and reach agreements followed by effective implementation. They should not stand still, let alone vie with each other in developing new types of even more sophisticated weapons in the wake of an agreement on dismantling INF missiles.

In order to promote disarmament, the Chinese delegation last year submitted to the General Assembly two draft resolutions on nuclear and conventional disarmament, which were adopted with the broad support of other UN members. The two draft resolutions emphasized that the countries possessing the largest arsenals bear a special responsibility for disarmament and should take the lead in drastically reducing their nuclear and conventional armaments. This is the key to progress in disarmament. In the world today, it is the United States and the Soviet Union that possess the largest nuclear and conventional arsenals, and they alone are capable of launching a world war. If they could take the lead in drastic arms reduction, the threats to world peace would be greatly diminished.

China has not only actively put forward its views and proposals on disarmament, but has also taken a

series of concrete actions towards disarmament. On the very first day when China came into possession of nuclear weapons in 1964, we declared unilaterally that at no time and under no circumstances will China be the first to use nuclear weapons. We have also undertaken not to use or threaten to use nuclear weapons against non-nuclear-weapon states or nuclear-free zones. We neither advocate nor go in for nuclear proliferation; we do not help other countries develop nuclear weapons. China respects and supports the countries and regions that are endeavouring to establish nuclear-free zones or zones of peace on the basis of voluntary agreement to be reached through consultation among themselves. We have signed the additional protocols of the Treaty for the Prohibition of Nuclear Weapons in Latin America and of the South Pacific Nuclear Free Zone Treaty. Furthermore, in recent years, we have stopped atmospheric nuclear testing, reduced the size of our armed forces by one million and cut down our military expenditures. We have also shifted some military industrial facilities to civilian production and put some military installations to civilian use or dual use.

Disarmament is an arduous and complicated task. Progress in disarmament requires the good faith of the countries concerned and, more importantly, the persistent efforts of all peace-loving countries and people. On the question of disarmament which concerns the future of the world and the destiny of mankind, all countries, whether big, small or medium-sized, nuclear or non-nuclear, should have an equal say and each has a positive role to play. Europe experienced the holocaust of two world wars and is now a place of direct confrontation between the two major military blocs. East and West European countries are particularly concerned about disarma-

ment which is closely related to their own security, and have played an important role in promoting the US-Soviet arms control talks. When addressing the question of disarmament, the legitimate rights and interests and reasonable proposals of every country should be fully respected and taken into serious consideration. Disarmament agreements of any kind should help enhance the security of every country and region in the world and not weaken it.

Here, I would like to refer to the recently concluded International Conference on the Relationship Between Disarmament and Development which unanimously adopted the final document through the concerted efforts of all sides. This conference is of positive significance in heightening the awareness of the international community of the close relationship between disarmament and development.

A fair and reasonable settlement of regional conflicts and the elimination of "hot-spots" are of great importance to easing international tension and safeguarding world peace. Despite the efforts made by the United Nations and many justice-upholding countries towards this and in the past year, no substantive progress has been made so far. This is essentially because certain countries, in disregard of the purposes and principles of the United Nations Charter and the basic norms governing international relations, have refused to implement the relevant UN resolutions and persisted in their policies of aggression and expansion. They have continued their occupation of other countries' territories and kept encroaching upon others' sovereignty and interfering in others' internal affairs. As a result, regional conflicts have been going on and it is difficult to remove the "hot-spots" in the world.

China is consistently opposed to the threat or use of force in

international relations, and is all the more opposed to acts of aggression and interference against other countries by any country under whatever pretext. It is our view that commission of aggression by one country against another is the most serious international crime, which must in no way be confounded with the internal problems of the country under aggression. China has always maintained that the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence should be strictly observed by all countries in the world. We are in favour of a fair and reasonable political settlement of any regional conflict, because it is in the fundamental interests of the countries concerned and of world peace.

To achieve a fair and reasonable political settlement of a regional conflict, the primary requirement is to stop aggression and expansion against and terminate military occupation of other countries. Foreign troops must immediately withdraw from the territories they occupy, and the sovereignty, independence and territorial integrity of the countries under aggression must be restored. No country can get away with keeping the gains of aggression and expansion under the pretext of a "political settlement".

To achieve a fair and reasonable political settlement of a regional conflict, it is also necessary for the people of the countries or regions concerned to solve their own problems free from outside interference and carry out the principle of genuine self-determination. Disputes between states should be settled by the countries concerned through negotiations in line with the basic norms governing international relations. Internal disputes of a

country should be settled by its own people.

To achieve a fair and reasonable political settlement of a regional conflict, all parties concerned must observe the purposes and principles of the United Nations Charter and the Five Principles of Peaceful Coexistence.

The key to the settlement of the Kampuchean question lies in Viet Nam's cessation of its aggression and speedy withdrawal of all its troops from Kampuchea. The UN General Assembly has adopted many resolutions in this regard. The Association of Southeast Asian Nations and other justice-upholding countries have also made sustained efforts to seek a political settlement of the question. Under the pressure of international public opinion, the Vietnamese authorities have over the year talked a lot about a "political settlement," but have in fact failed to show any sincerity. Their stubborn position of aggression and expansion has remained unchanged. Up till now, they have continued with their military occupation of Kampuchea under various pretexts in defiance of the relevant UN resolutions. Being clearly the aggressor, the Vietnamese authorities bear an unshirkable responsibility on the question of Kampuchea. Yet, they brazenly try to disguise themselves as an outsider, insisting that Kampuchea's "national reconciliation" must come before their troop withdrawal. The kind of "political settlement" they have proposed, to put it bluntly, is designed to make the international community accept the Vietnamese aggression and occupation of Kampuchea as a *fait accompli*, prop up a Vietnamese-controlled "government" and ensure the Vietnamese vested interests gained through aggression and expansion. This is of course unacceptable to the Coalition Government of Democratic Kampuchea, the ASEAN countries and all the

justice-upholding countries and people.

China seeks no self-interest in Kampuchea. Our principled position on the Kampuchean question is to safeguard the norms governing international relations, oppose aggression and uphold justice. We consider it essential to implement in earnest the relevant resolutions of the previous sessions of the UN General Assembly. We support Prince Norodom Sihanouk, the ASEAN countries and the UN Secretary-General in their efforts to seek a just and reasonable settlement of the Kampuchean question. The eight-point proposal on a political settlement of the Kampuchean question put forward by the Coalition Government of Democratic Kampuchea headed by Prince Sihanouk is fair and reasonable. It has won extensive sympathy and support from the international community and should serve as the basis for the settlement of the Kampuchean question. We are confident that provided Viet Nam withdraws all its troops from Kampuchea under international supervision, the Kampuchean people led by the prestigious great patriot Prince Sihanouk will solve their internal problems through consultation free from outside interference, effect true national reconciliation and choose their new government through UN-supervised free elections so that Kampuchea will become an independent, peaceful, neutral and non-aligned country. This will be in the interest of peace and stability of that region and the rest of Southeast Asia. Once the parties concerned reach agreement on a settlement of the Kampuchean question, China will be ready to join other countries in a relevant international guarantee.

The "ceasefire" declared by the Kabul regime has not put an end to the war in Afghanistan. As a matter of fact, the encirclement and suppression of the resistance movement, the killing of innocent

civilians and incursions into Pakistan have been going on all the same. As long as the foreign aggressors do not withdraw, the war of resistance to aggression will not stop. It is clear that "guarantee first, troop-withdrawal next" or "reconciliation first, troop-withdrawal afterwards" are nothing but excuses for putting off the withdrawal of troops from Afghanistan. If the Soviet Union really wants a political settlement, it should comply with the relevant resolutions of the successive sessions of the UN General Assembly and withdraw all its troops from there as soon as possible. This is the key to the settlement of the Afghan question and the only way to heal the "bleeding wound." We support Pakistan and other countries concerned and the United Nations in their efforts for a fair and reasonable settlement of the Afghan question. It is our hope that Afghanistan will regain its status as an independent, sovereign, neutral and non-aligned country at an early date.

The convening of an international conference on the Middle East question under the auspices of the United Nations is a feasible way to seek a peaceful settlement of the said question. The Chinese government supports the UN Secretary-General's efforts towards this end. We hold that the Palestine Liberation Organization (PLO), recognized internationally as the legitimate representative of the Palestinian people, has the right to participate in the conference on an equal footing with other members. China is always opposed to the Israeli policy of aggression and expansion and firmly supports the just struggle of the Palestinian and other Arab peoples to recover the occupied territories and restore their national rights. We sincerely hope that the Arab countries and the PLO will remove their differences through friendly consultations, close their ranks and co-ordinate their actions in a

common endeavour towards an early, just and comprehensive settlement of the Middle East question.

At present, the situation in the Gulf is becoming more turbulent with sharp confrontation in the region. The Chinese government has expressed grave concern over this. We have all along taken a position of neutrality and of promoting reconciliation between Iran and Iraq, and urged them to bury the hatchet as soon as possible, engage in peaceful reconstruction and strive for further development rather than wearing themselves out in the war. Resolution 598 adopted unanimously by the Security Council through concerted efforts of all its members reflects the strong desire of the international community for a speedy end to the Iran-Iraq war, and has provided a good basis for a peaceful settlement of the conflict. We appreciate the valuable contributions made by the Secretary-General of the United Nations to the implementation of this resolution and support him in his continued endeavour to this end. China has made, and will continue to make efforts to promote a comprehensive implementation of the resolution. Out of the desire to see an early end to the sanguinary conflicts and the restoration of peace, stability and prosperity in the Gulf region, the Chinese government once again calls on Iran and Iraq to stop immediately all their military actions and implement Resolution 598 in real earnest in co-operation with the Security Council and the UN Secretary-General, so as to seek a just, reasonable and comprehensive settlement of the Iran-Iraq dispute. The Chinese government also calls on the parties concerned to exercise restraint and ensure free and safe passage of the international waterways in the Gulf. It further calls on the big powers to stop their military involvement in the Gulf so as to avoid escalation of the conflict,

leaving the littoral countries of the Gulf to solve the Gulf problems by themselves through consultations.

Over the past year, there has been an ever-surging mass movement in South Africa and Namibia, with a steady growth of the struggle against the racist rule and for national liberation and independence. The South African racist regime, though more and more isolated, is clinging obstinately to its apartheid system, and brutally suppressing the South African people. It has kept Namibia under its illegal occupation and wilfully harassed its neighbours, trying hard to delay and obstruct settlement of the problem of southern Africa. The Chinese government strongly condemns the perverse acts of the South African authorities. We will, as always, firmly support the just struggle of the people of South Africa, Namibia and the rest of southern Africa. We call on the international community and particularly countries influential with South Africa, to support the struggle of the peoples in southern Africa and, through further pressure and effective sanctions, force the South African authorities to abandon their policies of apartheid and of destabilizing the neighbouring countries and to implement Security Council Resolution 435 unconditionally, thus paving the way for an early independence of Namibia.

Recently, an important step forward has at last been taken in the peace process in Central America after repeated setbacks. The document entitled Process for the Establishment of Firm and Lasting Peace in Central America, signed more than a month ago at a summit meeting of five Central American states, is of positive significance in easing the tension and turbulence in the region. This document gives expression to the desire of the Central American states for peace and is a result of the peace mediation of the Contadora and Lima groups. We sincerely hope that all the parties

concerned will respect the hard-won achievements of the meeting so as to facilitate smooth implementation of this accord and bring about peace, and stability in Central America at an early date, without interference from outside.

Tension on the Korean Peninsula can be eased only through reduced military confrontation and increased contacts and dialogue between the North and the South of Korea. The government of the Democratic People's Republic of Korea has recently put forward successive proposals such as phased disarmament by both the North and the South, withdrawal of the US troops and tripartite talks of the North and the South of Korea and the United States at the foreign-minister level. These proposals are constructive and reasonable and we hope that they will receive a favourable response from the parties concerned.

The present world economic situation is yet another major issue about which the international community is deeply concerned. Over the past years, economic growth in developed countries has remained slow and the economic friction among them has sharpened. The developing countries are faced with unprecedentedly serious difficulties due to their worsening external economic environment. The prices of many of their primary products have remained at the lowest level since the end of World War II while the export of their manufactured goods has been hindered by the ever-increasing trade protectionism. The export earnings of the developing countries have plummeted while the inflow of funds has dropped drastically. The debts of developing countries, exceeding one trillion US dollars last year, are weighing more and more heavily on them. Under the circumstances, their economic growth on the whole remains very slow and their difficulties are mounting, although they have

made strenuous efforts for economic readjustments or reforms. In the case of the least developed countries, there are even more difficulties.

The world economy is an integral whole. The North and the South need each other and are interdependent. The economic stagnation and growing poverty of developing countries are bound to affect the world economy as a whole and, naturally, the economic growth of the developed countries. "Those who benefit the world will benefit from the world." The developed countries should do their best to improve the world economic environment and help developing countries overcome their economic difficulties. To this end, we wish to put forward the following propositions:

1. The developed countries should adopt measures to stabilize the prices of primary products and provide financial assistance to the developing countries for diversifying their export commodities so as to help stabilize and increase their export earnings.

2. The developed countries should honour their commitment to reduce and stop protectionist trade practices. They should also expand the GSP treatment granted to the developing countries. The interests of the developing countries should be taken into full account in the new round of multilateral trade negotiations.

3. The developed countries should try to fulfil as early as possible the official development assistance quotas set by the United Nations and provide more funds to the developing countries in other forms. International financial bodies should also make efforts to provide funds to them on favourable terms in the light of the actual conditions of the developing countries.

4. Debtor and creditor nations, international financial institutions and commercial banks should

share the responsibility for the solution of the debt problem and agree upon practical measures through continued dialogue so as to reduce as much as possible the debt burdens of the developing countries.

5. Special preferential treatment should be given to the least developed countries in respect of trade, funds, assistance and debt and effective measures adopted to implement the United Nations' Programme of Action for African Economic Recovery and Development approved unanimously by the Special Session of the UN General Assembly last year.

During the UNCTAD VII held not long ago, there were extensive discussions on such questions as the development of resources, commodities, world trade and the least developed countries, thereby creating favourable conditions for the furtherance of the North-South dialogue. We hope that the current session of the UN General Assembly will make new progress on this basis in its deliberation of the questions concerned. We hold that the developed and developing countries should continue and step up dialogue and work together to establish a new type of North-South relationship, a just and rational relationship based on equality and mutual benefit so as to strengthen international co-operation and revitalize the world economy.

China is marching forward along the road of building a socialist society with Chinese characteristics. Now, stability and unity prevail throughout the country. Reform and the open policy are being implemented steadfastly. Its economy registers a sustained and steady growth, and the people's living standards keep improving. Of course, we are fully aware that China's productive forces are comparatively weak and its economy relatively backward. China is still at the initial stage of socialism. During this fairly long historical period, our

main task is to vigorously expand the productive forces so that China will gradually lift itself out of poverty, backwardness and under-development. To this end, we must persist in reform and opening up at home and to the outside world, work hard to develop a planned commodity economy and continue to expand our economic and technological exchange and co-operation with other countries in the world, leading to a dynamic and rapid development of the productive forces. The forthcoming 13th National Congress of the Communist Party of China will review the historic changes that have taken place in China in the past nine years, reaffirm a series of fundamental principles and policies that have proved effective and give a theoretical exposition of reform and the open policy. The congress will draw up new plans aimed at accelerating and deepening the economic structural reform, and work out a blueprint for political structural reform with a view to promoting the cause of socialist modernization.

Like reform and the open policy, China's independent foreign policy of peace is also our fundamental state policy which will remain unchanged for a long time. By pursuing this policy, China aims at both securing a lasting international environment of peace for our socialist modernization drive, and fulfilling its responsibilities and obligations for world peace and development in tune with the international developments. The policy is in keeping with the fundamental interests of the people of both China and of the world as a whole. By persisting in reform and the open policy as well as the independent foreign policy of peace, China will develop faster and contribute more to mankind.

As the most important global organization of our time, the United Nations is playing an important role in maintaining peace, promoting development and strengthening co-operation. We are glad to see that such a role is being further strengthened. The last session of the UN General

Assembly adopted through efforts of various sides the resolution on the strengthening of the administrative and financial efficiency of the United Nations. At present, the United Nations is at a critical juncture in its reform. We support this world body in its efforts to introduce necessary and rational reforms so as to further improve its efficacy and give better expression to the purposes of the Charter. The United Nations is the organization of all the countries in the world, and it needs the support of all its member states. It is our hope that the big power directly responsible for the current financial difficulties will fulfil its obligations as provided for by the Charter. As a permanent member of the Security Council, China will, as always, strictly abide by the purposes and principles of the United Nations Charter and discharge its obligations in real earnest. We are ready, together with other member states, to make our contributions to further strengthening of the role of the United Nations in its many areas of endeavour. ■

STUDY OF ECONOMIC THEORY

Socialist Countries Diversify Ownership

by Dong Fureng

In the final analysis, ownership relations are determined by productive forces. But reform practices in some socialist countries indicate that China is not unique in establishing and developing a multi-ownership system in which public ownership takes the predominant position. China's backward productive forces and the large gaps in the state of their

development alone do not suggest the necessity to establish such a system. At most, they can only show it is more necessary in China. In some socialist countries various levels of productive forces exist, but the stratification is on a higher level than in China. So why is it that some countries, including the Soviet Union, think it necessary to reintroduce the long-abolished private ownership? Why are some countries allowing the existence and development of private capitalist ownership which legal-

izes the employment of a limited number of people?

Judging from the experience of China and other socialist countries, public ownership alone, or in a more strict sense the ownership by the state (whole people) alone, is not conducive to economic development and to meeting the needs of the people. The various forms of ownership, including the public ownership which is also in more than one form, all have their advantages and disadvantages, and establishing and developing a

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multi-ownership system which incorporates a range of ownership systems predominated by the various forms of public ownership will counter the weaknesses and extend the advantages of any one system, ensuring a more effective development of the socialist economy.

Various Ownerships

Unity of Various Interests. The publicly owned economy can overcome conflicts of interests between individuals, allow easy co-ordination of the relations between the various interests and better guarantee the realization of community interests. Although contradicting interests exist in the publicly owned economies, they do not lead to antagonism.

In the private economy, conflicts of interests do not exist within the individually owned unit itself. But, because individual interests are mutually exclusive, it is very difficult to achieve a unification of goals. The pursuit of self-interests can work against the common interests of society.

There are conflicting interests both internally and externally in the privately owned capitalist economy. They are even more difficult to co-ordinate, because the seeking of self-interests in it may be contradictory to the common interests of society.

The Incentives of Interests and Restrictions. Both the individual economy and the privately owned capitalist economy have strong control and incentive mechanisms. The main motivation in the privately owned capitalist economy is the achievement of maximum profit. At the same time, budget restrictions must be hard and fast and each unit is responsible for its own gains and losses.

Prior to reform, incentives and restrictions on the public sector of the economy were weak. Although the realization of the common

interests of the society constituted a form of incentive, it was largely an ineffective one. The tendency to "eat from the same big pot" was still present both within and outside the public sector of the economy; strict budget restrictions and the stressing of individual responsibility were not easily applied. Improvements are expected after the reform. But it is impossible for budget restrictions on a publicly owned economy to be as effective as those on the private economy.

Pattern of Operation. The public economy (especially the state owned economy) is subject to direct state control and regulation and follows a course prescribed by a unified state plan. It plays a vital role in guaranteeing the fulfilment of specific state tasks and maintaining a macroeconomic balance. But difficulties are inevitable when the state exercises indirect controls as the budget restrictions for the public economy are weak. Consequently, the response of the public economy to market changes is often slow, or even inappropriate. The situation will change radically after the reform.

As for the privately owned economy, the state has little direct control over it and it is also unwilling to accept interference from the state. Therefore, it is not easy to bring the activities of the privately owned economy into line with state goals. Although it is necessary for the state to exert some direct control over the private economy (through various legal means for instance) to co-ordinate economic development and adjust the relationships between various economic interests, state regulations can only in the main be indirect. Budget restrictions for the private economy are vigorous and its operation is flexible with little direct interference from state administrative organs; this makes it possible to quickly adapt to market changes.

Consequences. A public

economy operating in line with the common interests of the society and with a unified state plan should give rise to social equality, prevent antagonism and conflicts of interests between social groups and ensure the development of the national economy along the socialist road. So far, however, socialist countries have not found a solution to the problem of weak budget restrictions on the public economy. To varying degrees, this is harmful to the efficiency and productivity of the economy.

The private economy, encouraged by strong incentives and market competition and placed under strict budget restrictions, can usually produce better economic returns. But as it is difficult to bring the private interests into line with the common interests of the society, its operation may be harmful to social equality and lead to widened income gaps and unfair distribution of property. Without the development of the public economy, without state guidance and necessary restrictions, the private economy, by its very nature, would lead the development of the economy towards capitalism.

I have to this point discussed public and private ownerships in general. In fact, the public ownership can take various forms, and the many types of private ownership also differ greatly from one another. There are also mixed economies, such as the state capitalist economy which combines state ownership with private capitalist (including foreign capitalist) ownership, economies that combine state ownership with collective ownership and the economies that incorporate collective and private ownerships. In public, private or mixed economies, the unity of interests, restrictions and incentives, and the results of economic operation will differ with the varying forms of ownership. Take the public economy for example, there is a big difference between the state-

owned economy and the collectively owned economy. The public economy discussed above basically refers to state-owned economy.

Multi-ownership system. As the various forms of ownerships have their strengths and weaknesses, establishing and developing a multi-ownership system centring around the public ownerships will be favourable for the development of the socialist economy.

This structure can force its various economic sectors to remedy one another's weak points, thus avoiding problems created by single public ownerships, such as the state ownership. The leading position of public ownership can guarantee the development of the national economy along the socialist course and ensure that the development of the private economy will not lead the national economy onto the orbit of capitalism. The complementary roles of the various ownerships can better solve the problem of friction between social equality and efficiency, common prosperity and necessary income gaps, planning and flexibility for economic functioning, common interests and particular economic interests, and macroeconomic returns and microeconomic benefits. Although it is impossible to completely eliminate tension between these elements, they may be united in a better way through different ownership structures. China's recent establishment of a multi-ownership structure in which the various public ownerships predominate serves as a proof of this.

One indication of its success is the new vitality on the market as a result of the experiment. Competition arising from the establishment of the multi-ownership system has helped the various economic sectors to strengthen the advantages and minimize their disadvantages. For example, some state-owned commercial units

have taken up operation methods from private commerce to improve their bureaucratic functioning and introduce customer services. Privately owned industrial enterprises have likewise drawn ideas from state-owned enterprises to cope with problems of human relations, reduce the conflict of interests and introduce labour insurance to encourage initiative among the workers and staff. In addition, competition has compelled some state-owned enterprises to consider their development in terms of changing market needs.

The mutual restrictions between the various ownerships also work to strengthen the good points and eliminate weaknesses in each system. For instance, price changes in state-owned commercial departments produce an obvious restrictive influence on price changes in privately owned commercial units. If the restrictive role of the state-owned commercial departments is further strengthened, it will be difficult for private commercial businesses to extort high profits by wilfully raising prices. Some collectively run rural enterprises produce low-priced, quality products that help break state enterprise monopoly of the market. This forces state enterprises to discard their tendency to remain content with things as they are and never seek

progress. Public ownership directs the private sector away from merely "seeking its own benefits at the expense of the public" and blindly conducting production, and the existence of the private economy enables the public sector to consider economic efficiency and returns.

The development of a multi-ownership structure with various public ownerships predominating represents a major breakthrough in socialist economic theory and practice. It will play a large part in promoting the development of the socialist economy.

Some economists try to prove the necessity of establishing such a structure as an offshoot of the initial stage of socialism, stemming from China's backward production and unbalanced multi-layered economy. It seems to me this is inappropriate. As mentioned above, some economically developed socialist countries are also expanding the multi-ownership structure. In the past, they attempted to develop an economy under unitary public ownership, and through their efforts even try to build a unitary ownership by the state (or by the whole people). The results were not satisfactory because such a structure is neither conducive to the development of productive forces nor to meeting the needs of the people. ■

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China Tries Out Shareholding System

by the Investigation and Research Group of the State Commission for Economic Restructuring

As the economic structural reform deepens, a shareholding system has emerged in China's urban and rural areas. It differs from private ownership, collective ownership and ownership of the whole people. This new economic form is undergoing limited experimentation and requires further exploration.

Generally speaking, shares should bear risks (limited liability). But this is not the case for shares issued by pilot enterprises in China. The dividend and extra dividend rates are determined in advance, and the interest is covered in the production costs. The capital and interest are guaranteed whether the enterprise is poorly or efficiently run. After a certain period of time, shareholders can be refunded for their shares and some enterprises allow shareholders to be refunded halfway through their term. This practice merits reconsideration.

Enterprise shares usually include shares by the state, the collective and individuals. But no objective method of appraisal of the original property of the enterprises has been formulated. It is difficult to divide shares into state and collective shares for enterprises owned by the whole people. Without a sound method of property appraisal, it is hard to differentiate the shares of the state from those of the collective. The lack of unification of various kinds of share certificates also creates complexities in economic legislation.

The organizations representing state shares are local financial departments, but the financial departments usually entrust the supervisory departments of enterprises with the task of representing



Clinching a deal.

YUE HAITAO

them when the board of directors meets. The representatives are usually selected from the leaders at the executive level of the enterprises. This form of management and the appointment of cadres can hardly separate the ownership from management and government administration from enterprise management.

Generally speaking, commercial banks abroad are not involved in the buying and selling of stocks. The aim is to separate financial and industrial capital from share capital, guard against the speculation in financial capital and control joint-stock companies. In the course of trial implementations of the shareholding system in China, bank involvement has been recognized as highly useful to the financial reform. Take the Beijing Tianqiao Department Store Co. Ltd. for example. The bank controlled 25.89 percent of its shares. Bank involvement in the shareholding system should be

studied in terms of the influence which will be exerted on China's economy and, more importantly, the impact on loans to enterprises and bank performance.

The trial implementation of the shareholding system also involves such issues as the position of the shareholding enterprises, tax revenue, shareholders' equity and the composition of the board of directors. The state should work out as soon as possible the relevant laws and regulations such as stock company and stock exchange laws.

Three Divergent Views

Among theorists there are three divergent views on the trial implementation of the shareholding system in China.

First, there are those who advocate an all-round implementation of the shareholding system.

Their main arguments are: (1) The development of the shareholding enterprises does not mean the weakening but the expansion of the public-owned economy. It means that the amount of funds controlled by the public-owned economy will multiply. The state, through the enforcement of the shareholding system, will command social property with part of its funds. (2) The shareholding system can be used as a pattern for reforms in large state-owned enterprises. Because the shareholding system coincides with the reform based on theory of the planned commodity economy, traditional public ownership can be restructured to achieve a separation of ownership from management. This would help separate the government administration from enterprise management and provide a flexible way for the state to regulate and control microeconomics. (3) Part of the ownership of the state's original property will be transferred gratuitously to the enterprises and workers, and state ownership will be replaced by a collective shareholding system in order to reorganize the economic units of state ownership and promote the development of the socialist commodity economy. (4) In China's present stage of socialism, individual accumulation is limited. Individual buying of shares will be insignificant when compared with the public shares. Public shares will remain predominant and the nature of socialist enterprises will not be altered.

The second viewpoint on the shareholding system advocates that experiments be conducted in selected areas. Theorists hold that: (1) China should experiment with the shareholding system on the basis of public ownership and should not simply copy the Western system based on private ownership. The system should be established with consideration to China's conditions so that it will have Chinese characteristics.

Share economies should be developed mainly in the collective and co-operative enterprises. (2) The shareholding system should not be rashly adopted as an orientation for the reform of ownership. In a situation of abnormal economic relations, large-scale popularization of the shareholding system could plunge the economy into anarchy. At present, the shareholding system should not be extensively popularized, but rather it should be adopted on an experimental basis by newly established enterprises with high investments and limited funds. The role of the shareholding system should not be overestimated. It is not the best nor the only way to reform China's ownership system. (3) The enterprises that have adopted the shareholding system are profitable, low-risk enterprises. Future experiments should be conducted in enterprises with a higher risk factor. The success of these enterprises will be of greater significance. (4) The buying of shares by enterprises will be promoted, and the raising of capital by floating shares from the community and individuals will be restricted.

Lastly there are theorists who oppose the shareholding system. They argue that: (1) At the present stage of socialism when productive forces are largely underdeveloped, public ownership or ownership by the whole people can only adopt the form of state ownership because only the socialist state can represent the interests of the whole people. The introduction of shareholding system in state-owned enterprises will lead to the gradual disintegration of the ownership by the whole people. It will in fact turn public ownership into private ownership. (2) The shareholding system is a synonym of the "capital system." Its implementation means, in essence, the implementation of a system of capital. The transformation of state-owned enterprises into share

enterprises which follow the policy of distribution according to capital shares constitute capitalist restoration. (3) To use the shareholding system to restore the internal motive force of the large state-owned enterprises does not conform to the conditions of the country. The current distribution and financial systems and the labour income structure in China are not entirely on a par with the forms of stock investment. It is unrealistic to bring the principal part of China's economic life into the orbit of the shareholding system. (4) In socialist country national income is distributed in a centralized way. Investment in key state projects is made according to the state plan. It is unnecessary to raise capital by floating shares from society. Furthermore, China's enterprises have limited funds which do not extend to the buying of shares. Most residents also have low incomes and cannot afford to buy shares.

Opponents to the trial implementation of the shareholding system in enterprises owned by the whole people do not reject testing the system in small collective or township enterprises, and especially in the co-operative share economy to be developed in the individual economy in China's urban and rural areas.

Our Attitude

Our group is of the opinion that the shareholding system is a natural progression from the development of a large-scale socialized production and commodity economy. Its appearance is independent of individual choice. The shareholding system has its positive role in capitalist countries: First, it uses shares to drum up idle capital in the community and set up the capitalist undertakings; second, it promotes the change of individual capital to social capital and, to a certain extent, mitigates the contradictions between capitalist

private ownership and large-scale socialized production; and third, it promotes the transition of private property to joint ownership and encourages the growth of the commodity economy. Because China is still at a stage in which various economic forms are coexisting, these functions have their value. Leases, stocks and negotiable securities can be used in socialist as well as in capitalist countries.

The reforms in recent years have offered many insights which point out the vitality of enterprises in China is not related mainly to ownership. The crux of the

problem is the separation of ownership from management. The focus of enterprise reforms in 1987 will therefore be on operational mechanisms within enterprises with the aim of separating ownership from management.

Of course, the means of separating ownership from management have to be arrived at through experimentation. But one thing is certain: Because different enterprises have different positions and roles in the national economy, the separation of ownership from management will also take on various forms. There is no such thing as one universal

form. The shareholding system is, perhaps, one means of separating ownership from management, but it involves many problems which should be thoroughly studied. China also lacks experience in running a shareholding system and in many respects lacks the necessary conditions. The shareholding system will be tested in some selected medium-sized and small enterprises that already offer favourable conditions. At present, it is impossible to popularize it on a large scale.

(The article was published in "Economics Digest," No. 6, 1987. Subheads are ours.)

Stock-Buying Craze Hits Shanghai

by Our Correspondent Yue Haitao

Recently more than 2,000 Shanghai citizens queued up in front of the Jingan Gymnasium to buy stocks.

Hailing from all walks of life, some of them had been there for more than ten hours. Among them, an officer, several children and old men, were very noticeable. A dozen correspondents with their cameras were also on hand.

The door of the Security Business Office in one corner of the gymnasium was opened at 9 o'clock. In no time all the stocks issued by the Industrial & Commercial Bank of China and the Shanghai Trust & Investment Co. were sold. This was the fourth and largest issue of enterprise stocks since China launched its stock market in 1985.

Limited Number

The owner of this batch of enterprise stocks worth 57.56 million yuan was the Shanghai Electronic Vacuum Device Co.

Ltd. (SEVDC): Xue Wenhui, chairman of the board and general manager of SEVDC was also on the spot. He complemented the buyers on their farsightedness and said that his company was the first large state enterprise in Shanghai to issue stocks. With a registered capital of 200 million yuan (about US\$55 million) the company produces colour picture tubes, and for many years its capital profit rate has exceeded that of other similar enterprises. Xue said that 71 percent of his company's capital stock belonged to the state. The stocks issued this time only accounted for 29 percent of the company's total capital. While half of this amount was sold to state-owned and collective enterprises, the other 50 percent went to private buyers.

"According to government stipulation, the stocks issued by a state enterprise can not exceed 30 percent of its total capital stock. In fact, China's stocks differ from international stocks and it is

impossible for private buyers here to amass all the stocks and possess the enterprise," Xue said.

In order to avoid the private ownership of large quantities of stocks, individuals were limited to buying 20 stocks each to a value of 2,000 yuan.

Wang Haiyuan, an 11-year-old girl, was probably the youngest among the buyers. She said: "I am very glad to be a stockholder." In order to buy more stocks, Wang's parents asked Wang and her 13-year-old brother to wait there from the previous afternoon. The family bought stocks worth 8,000 yuan, a recent bequest to the father.

In order to help customers understand the financial position, the Security Business Office put up two billboards giving information on the nature of the stocks, purchasing procedure and the SEVDC's business and prospects. They also carried an inspection report by the State Accountant Business Office and SEVDC's

newspaper advertisements. The purchase price and selling rate will allow for floating prices. The Security Business Office will implement the following methods: the buyers' names will not be put on the stocks; the office will not bear responsibility for stocks claimed to be lost; the stocks can be transferred under the agencies' or issuing units' seal.

Xu Liangrong, 38, has worked for ten years in a factory and saved 3,000 yuan. Last year he spent 1,000 yuan on state treasury bonds, and on this occasion he spent 1,500 yuan on the stocks. He said colour television sets were still in great demand in China, and he believed that SEVDC's colour picture tubes would draw a large market. Even if SEVDC went bankrupt, he said, the state would pay the shareholders 6 percent interest annually.

A Riskless Deal

Newly implemented guarantees on the payment of principal and interest capital have resulted in a stock craze.

Li Meiling, 31, a cadre in a large state enterprise, said: "It is more profitable to buy stocks than to deposit in the bank." Li's monthly pay of 120 yuan has to support her own family and her mother. So she could only buy 200 yuan (one year's savings) worth of stocks this time. Half of the buyers bought stocks with savings from their wages. Li felt that since the buying and selling of stocks was supported by the government and all the enterprises issuing stocks now are profit-making businesses, there was almost no risk. In the future, however, with the improvement of the stock market, the government will gradually do away with such guarantees.

In fact the stock on sale is of a bond and debenture character. In the bank, the annual interest for a fixed deposit is 7.2 percent, but the interest on stocks, with the bonus



People queue up to buy stocks.

YU F. HAITAO

and dividend yield, adds up to 14.4 percent. Wu Keng, secretary-general of the Shanghai money market said that in Shanghai the selling of stocks has already resulted in a decrease in bank deposits. Actually 40-60 percent of private funds for buying stocks in Shanghai was drawn from bank deposits. Relevant government departments are looking into a way to deal with the situation.

Improvement Pending

Huang Guixian, manager of the Security Business Office, admitted that the stock market was far from perfect. "There is neither broker nor futures transaction in China today," he said.

The Security Business Office is affiliated to the Industrial & Commercial Bank of China, one of the four major specialized banks in China. Entrusted by the government it sells and buys stocks, and receives a commission of 3 percent of the total amount of money involved in a transaction from both the buyers and traders.

At the beginning the office only had a small number of staff and a low volume of business. Although

1,500 enterprises in Shanghai had issued stocks and bonds valued at 390 million yuan the government only permitted the office to manage bonds from ten and stocks from three of the enterprises.

Things have changed today. The office now has a staff of 60. Its volume of business has expanded, so have the ranks of its competitors. There are eight stock agencies in Shanghai alone and some stock markets in Shenyang, Guangzhou, Shenzhen and Suzhou. Soon China is expected to have a real stock exchange, security companies and occupational middlemen.

Huang of the Security Business Office said some overseas reports saw the office as a stock exchange, but in fact its business was only to sell and transfer stocks on a commission basis.

In April this year, the government stipulated that state personnel and servicemen could not buy stocks as their identities would not permit them to be stockholders.

Now theorists are discussing whether the bonus and dividend yield constitute income from exploitation. ■

FACTS & FIGURES

Changes in Ownership Structure

China's ownership structure has undergone significant changes in the last eight years, but ownership by the whole people still holds a stable dominant position. Collective ownership has developed rapidly while private and joint management systems have become necessary supplements to the socialist economy. Starting from this issue, figures from the State Statistical Bureau on economic progress will be published.

	Unit	Absolute amount			Percent to the whole		
		1978	1980	1986	1978	1980	1986
Industry (not including those run by villages or smaller groups)							
Enterprises	10,000	34.84	37.73	49.93	100	100	100
State	idem	8.37	8.34	9.68	24.0	22.1	19.4
Collective	idem	26.47	29.35	40.01	76.0	77.8	80.1
Others ¹	idem		0.04	0.24		0.1	0.5
Workers	idem	4256	4674.1	5781.1	100	100	100
State	idem	3041	3245.8	3954.6	71.5	69.4	68.4
Collective	idem	1215	1428.3	1780.9	28.5	30.6	30.8
Others	idem			45.6			0.8
Output value ²	100 million yuan	4231	4992	9028	100	100	100
State	idem	3417	3928	6201	80.8	78.7	68.7
Collective	idem	814	1034	2637	19.2	20.7	29.2
Private (in cities and townships)	idem		1	29		0.6	0.3
Others	idem		29	161			1.8
Building trade							
Enterprises			57404	88770		100	100
State			1996	3608		3.5	4.1
Collective			4608	8976		8.0	10.1
Rural teams			50800	76186		88.5	85.8
Builders	10,000		982.7	1800.6		100	100
State	idem		481.8	617.3		49.0	34.3
Collective	idem		166.2	376.4		16.9	20.9
Rural teams	idem		334.7	806.9		34.1	44.8
Value	100 million yuan		281.1	808.0		100	100

State	idem	220.9	566.8	78.6	70.1		
Collective (in cities and townships)	idem	60.2	241.2	21.4	29.9		
Transport and communication							
Volume of goods transported ³	100 million tons	24.05	28.14	100	100		
State	idem	18.53	21.98	77.0	78.1		
Collective	idem	5.52	5.98	23.0	21.3		
Others	idem		0.18		0.6		
Rotation volume of goods transported	100 million tons km	11517	18188	100	100		
State	idem	11264	17650	97.8	97.0		
Collective	idem	253	532	2.2	13.0		
Others	idem		6				
Social retail, service trade							
Units	10,000	125.5	202.3	1099.6	100	100	100
State	idem	10.3	17.5	30.6	8.2	8.7	2.8
Collective	idem	97.4	116.1	160.3	77.6	57.4	14.6
Jointly managed ⁴	idem		0.1	0.5		33.9	82.6
Private	idem	17.8	68.6	908.2	14.2		
Employees	10,000	607.8	926.8	2606.8	100	100	100
State	idem	198.7	288.3	420.6	32.7	31.1	16.1
Collective	idem	382.9	548.1	881.0	63.0	59.1	33.8
Jointly managed	idem		0.7	10.5		0.1	0.4
Private	idem	26.2	89.7	1294.7	4.3	9.7	49.7
Volume of social retails	100 million yuan	1558.6	2140.0	4950.0	100	100	100
State	idem	851.0	1100.7	1951.0	54.6	51.5	39.4
Collective	idem	674.4	954.9	1804.0	43.3	44.6	36.4
Jointly managed	idem		0.4	15.2		0.7	0.3
Private	idem	2.1	15.0	804.8	0.1		16.3
Farmers to non-agricultural people	idem	31.1	69.0	375.0	2.0	3.2	7.6

Notes:

1. "Others" refers to industrial businesses jointly managed by the state and collectively owned, the state and privately owned, and the collectively and privately owned enterprises, Sino-foreign joint ventures and co-operative enterprises, solely foreign-owned enterprises, and enterprises run by overseas Chinese and businessmen from Hong Kong and Macao.

2. The gross industrial output value for 1978 and 1980 is calculated on the fixed price of 1970 and that for 1986 is based on the constant price of 1980.

3. The "volume of goods transported" and the "rotation volume of goods transported" refer to the volume of goods transported by professional transport departments, instead of social vehicles and privately managed companies.

4. "Jointly managed" enterprises include those with various economic systems and Sino-foreign co-operative enterprises.

China Expands Trade With L. America

Venezuela, Colombia, Peru, Argentina and Brazil have proposed economic and trade co-operation projects with China.

A delegation of the China Council for the Promotion of International Trade recently visited these countries to talk about increasing trading contacts.

The Venezuelan president expressed his country's willingness to co-operate with China in building a 500-km railway in Venezuela.

The economic secretary of the Colombian Presidential Palace said Colombia is prepared to co-operate with China in its development of sea fishing and gold mining. Colombia is also interested in China's smaller farm machines, mining machines, paper-making and fruit juice processing equipment. The Colombian coffee industry has announced it would invest in the building of an export-oriented coffee factory in China.

The vice-chairman of the Peruvian Foreign Trade Association said Peru hopes to import 200 Chinese buses in a barter for iron sand and co-operates with China in developing forestry, fishing and gold mining, building pharmaceutical factories, cultivating mulberry trees, raising silkworms, processing raw silk and producing arts and crafts. Peru also hopes to import Chinese cement and sugar production equipment on the basis of compensatory trade. Peru invites China to build bicycle factories and fruit juice and natural dyestuff processing plants in Peru and is interested in China's smaller farm equipment, medical raw materials and grain depots.

The director of the economic department of the Argentine Ministry of Foreign Affairs said Argentina plans to import five 60,000-ton-class oil tankers from

China. It will also import Chinese textiles according to the approved quotas. The country plans to discuss with China the import of Chinese petroleum, coking coal and other products.

The director of the trade promotion department of the Brazilian Ministry of Foreign Affairs said China is on the list of countries with which Brazil wishes to develop foreign trade relations. The Brazilian government has also reduced the time it takes to pay for imported Chinese goods from 180 days to 90 days. In addition to petroleum, the country wants to import Chinese coal and other goods. Some Brazilian business people are interested in Chinese medical raw materials and silk. Brazil is also willing to co-operate with China in producing farm machines for West Africa. ■

Hebei to Invite More Foreign Experts

Hebei Province is to invite more foreign experts to work in 17 fields, including model designing and making, nitro lacquer, glass plating, cloth printing and dyeing, glass fibre production, silicon refractory material making, beer brewing and road-sign paint making.

The province began recruiting foreign experts in 1985. So far over 200 experts in science and management from Japan, Sweden, Britain, France and Federal Germany, the United States and Canada have come working in the fields of management, textiles, watch making and wine making.

A Japanese expert in the Shijiazhuang Paint Factory helped with three experiments in the first 20 days after his arrival. One of the three was for developing super-fast drying paint, which dries within 3-5 minutes on the surface and within one hour completely. The goal set by the state is four hours for the surface and 16 hours for the rest.

The technology leads the country in this field.

Jiao Yaping, director of the factory said, "Having the foreign experts here has not only solved many technological problems, but also helped broaden our minds. It also helps expand our co-operation with other countries."

The Science and Technology Commission of Hebei Province, which is responsible for inviting foreign experts, has been in constant contact with retired specialists organizations in Japan, the United States, France and Sweden, from whom they recruit. This year the commission is prepared to recruit 86 experts, and 34 have already arrived in Hebei. ■

Auto Exports Show 57% up in Value

China, which used exclusively to import, now also exports cars and parts. According to Zhu Boshan, general manager of the China Automobile Industry Import and Export Corp., in the first eight months of the year, the corporation signed US\$42.67 million worth of contracts, with the export value reaching US\$25.44 million, a 57 percent increase over the same period last year. In that period, 4,490 complete vehicles worth US\$17.58 million were sold. It is estimated that this year's export value will surpass US\$35 million and an even greater amount is expected next year. Although that amounts are not that great for the industry, they signify a fundamental change in China's automobile industry.

The 1985 car export value was only US\$4 million in one limited market—Southeast Asia. Markets are now opening up in the United States, Africa and Latin America for whole vehicles and parts.

This has all been achieved through imports of advanced

foreign technology and equipment on the basis of self-reliance, and by emphasizing good quality and marketing. ■

China Benefits From Ship Scrapping

Last year China exceeded its planned yearly ship scrapping target by 18.2 percent, 40 percent more than for 1985. In 1986 it dismantled 92 ships of 10,000 or more light deadweight tons (LDT) each, including bulk cargo ships, mineral ore and sand ships and oil tankers.

Ship scrapping is acclaimed as a "smokeless metallurgical industry" which China has developed to ease the shortage of steel needed in socialist construction. It is much more profitable to dismantle waste ships for rolled steel than to import steel from abroad.

The ship scrapping industry started in China during World War II (1939-45) but flourished in

1982 and, with the establishment of a national ship dismantling corporation in 1984, became a newly developed trade. The corporation has 16 companies and 120 factories manned by 40,000 workers and staff members. Through its help, the country has increased its dismantling capacity from 300,000 to 2.5 million LDT a year. At the same time China has improved its disassembling, steel rolling, processing and managing capabilities, as well as its disassembling technology. It is now possible to cut steel in huge pieces and divide ships with the use of explosives.

As the sources for waste ships are limited and their prices are high, China must dismantle less ships or stop the work, according to Ren Migao, deputy general manager of the corporation. The dismantling of ships is hard and dangerous work. All countries except third world countries have stopped ship scrapping. From a long-term viewpoint, shipping companies should support the ship scrapping industry and not

keep waste ships in hand to boost prices. The corporation has discussed co-operation with foreign shipping and shipbuilding companies and joined the International Maritime Industrial Forum (IMIF) in 1986 and attended a meeting of the IMIF to forward this idea. ■

News in Brief

■ In the first six months of this year China's textile exports were US\$1 billion more than in the same period last year and by the end of September the figure was 30 percent higher than the equivalent period of 1986.

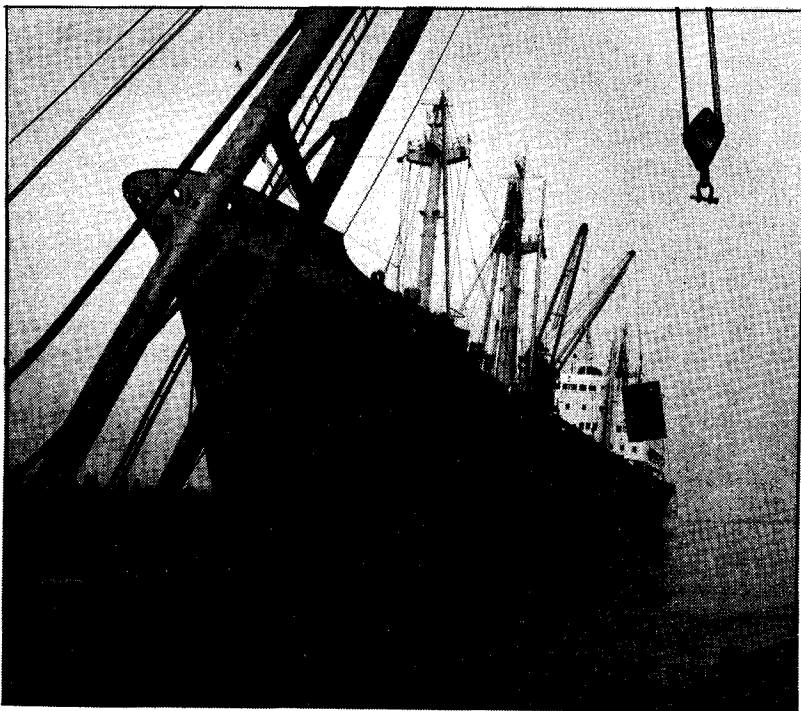
■ China ranks third in the world for exports of bags and cases, of which it exported US\$127.9 million worth last year. The figure went up to US\$159.4 million in the first eight months of this year, a 95.8 percent increase over the same period last year.

China exports 10,000 varieties of bags and cases to more than 100 countries and regions in Western Europe, North America, Australia, Africa and Asia. At present China has a dozen centres for producing medium- and low-grade bags and cases for export, and for processing famous brands for foreign companies.

■ China and Japan have progressed in their co-operation in the Bohai Sea. The Japan-China Oil Development Corp. has worked in the Bohai China-Japan Co-operative Zone for seven years and has invested US\$550 million. The corporation has discovered 163 structural traps. It explored 16 traps and found oil in 11 of them. The corporation has verified reserves of 112 million tons of oil.

■ The Ertan Hydro-Electric Power Station with a designed capacity of 3,000 megawatts on the lower reaches of the Yalong River in Sichuan Province will open for international bidding soon.

A ship being broken up.



Parents' Education And Young Criminals

"ZHONGGUO WENHUA BAO"

(China Cultural News)

A person's education starts in the home where the parents first introduce a child to the basics. Parents' own education has a direct bearing on a child's life choices. A study of the educational backgrounds of parents of 333 juvenile delinquents in the Shanghai Reformatory shows that only 5.7 percent of the parents attended high school or higher, and 76.9 percent received little or no education. It can be concluded that the level of parents' education is related to juvenile delinquency, that is, the less education the parents have, the more likely their children are to commit crimes.

Lack of education damages the parents' ideological and moral level which contributes to a wayward and unhealthy atmosphere in the home. A tendency to model themselves on their parents' ideals is a striking psychological characteristic of young people. Parents' words and deeds will inevitably exert an influence on their children. It is in the process of imitating that children shape their sense of right and wrong. Some 28.3 percent of the juveniles studied have family members who have criminal records and many others have family members who have been disciplined for minor infringements.

The home is where children live and study most of the time. It is to their parents rather than their teachers that children look for guidance, understanding and comfort. Generally speaking, parents with better education are more qualified to guide their children in good thinking and learning habits and in cultivating

the children's initiative.

Inadequate language and communication skills due to little education may prevent parents from teaching their children properly, which often means the children rebel against their families and by extension against society, promoting the formation of a criminal psychology in them. Children are very sensitive to what goes on at home, and can be hurt by a bad education at home. Most of the juveniles in this study were the victims of a familiar syndrome—"doted on at first, later lashed, at last let slide."

"Doted on at first"—the rate of only children is rising with China's enforcement of family planning. The study reveals that 78 percent of these offenders are only children. They were spoilt by their ignorant parents who expressed their love for the children simply by trying to satisfy their every whim. The children became gluttonous, lazy, selfish and demoralized. They developed the warped attitude of "me first" and always wanting to be seen to be above other people. They do as they please regardless of justice and law.

"Later lashed"—by spoiling their children, parents lose their authority in the face of their children's worsening behavior and bad companions. Irritated, they begin to scold and beat them. This is again a consequence of bad education and not only impairs the children's health, but deforms their character. The more they are beaten, the further away their love for their parents drifts. What is left is aversion to the parents, and damaged self-respect. They seek their lost dignity and sympathy from the people who led them astray.

"At last let slide"—their efforts having failed, the disappointed and hopeless parents no longer bother about their children's future. As a result, the children slide deeper into crime.

(June 28, 1987)

Private Doctors Much Appreciated

"BAN YUE TAN"

(Fortnightly)

Private doctors in China are burgeoning. By the end of 1986, the number of private doctors reached 133,000. In Beijing, there are 1,328 licensed private practices on the main roads and in the small lanes. Of the private doctors in China, 77,410 are considered of higher standard and 66.5 percent of them are doctors of traditional Chinese medicine.

Individuals working as doctors are a tradition in China, but they were regarded as "tails of capitalism" which were cut off during the 10 years of "cultural revolution" (1966-76). In the reform of medical and health work, the issue of private medicine was put on the agenda. From 1980, relevant policies began to be formulated by the Ministry of Public Health, and qualified individuals were encouraged to practise private medicine.

Private doctors do much of the outpatient work and supplement the state-run public and health services. In Wuhan, central China, there are nearly 800 private clinics where more than 2.17 million people were attended to in 1986. This is the same number as two large hospitals would treat in a year.

The growth in private practice fills the gaps in the public sector services and helps discover and develop folk medical skills. It also opens up employment opportunities for those with a speciality, who learned their trade through apprenticeships and are willing to accept patients big hospitals have turned away.

(Issue No. 13, 1987)

Business and Trade

October 4-24. China International Exhibition Centre in Beijing. International Thermal Energy and Air Conditioning Exhibition. Sponsored by the China Council for the Promotion of International Trade (CCPIT). Participants from the United States, Japan, Western Europe and Hong Kong.

October 11-17. Beijing. International Exhibition on Geological and Climatic Technology and Equipment. Sponsored by CCPIT. Participants from the United States, France, Federal Germany and Hong Kong.

October 12-17. Heilongjiang Province. International Exhibition on Advanced Industrial Machinery and Equipment. Sponsored by the CCPIT Heilongjiang Branch. Participants from Japan, Britain, France, the United States and Hong Kong.

October 13-18. Shanghai. International Exhibition on the Paper-Making Industry. Sponsored by the Shanghai Branch of the CCPIT. Participants from the United States, Canada, Japan, Western Europe and Hong Kong.

October 14-20. Shanghai. International Exhibition on the Clock, Wrist-Watch and Jewelry Industries. Sponsored by the CCPIT Shanghai Branch. Participants from the United States, Japan, Switzerland and Hong Kong.

October 23-28. Beijing Exhibition Centre. Beijing Advanced Chemical Industrial Exhibition (Chemitech 87). Sponsored by Hong Kong Export Ltd. Participants from Britain, France, Japan, the United States and Hong Kong.

October 23-29. Shenyang, Liaoning Province. International Exhibition on Environmental Protection Technology and Equipment.

Sponsored by Bright Lead Ltd. of Hong Kong and the CCPIT Liaoning Branch.

October 26-31. China International Exhibition Centre in Beijing. International Telecommunications and Computer Exhibition. Sponsored by the CCPIT. Participants from the United States, Japan, France, Britain, Federal Germany and Hong Kong.

October 27-November 1. Great Hall of the People in Beijing. International Exhibition on New Technology and Equipment (China Mediacomm'87). Sponsored by Asia Team Communications Ltd. Participants from the United States, Japan, Federal Germany and Hong Kong.

October 28-November 2. China International Exhibition Centre in Beijing. International Land Transport Exhibition. Sponsored by China Promotion Ltd. of Hong Kong. Participants from Canada, Sweden, Australia, the United States, Japan and Hong Kong.

November 3-8. China International Exhibition Centre in Beijing. International Exhibition of Pharmaceutical and Cosmetics Industries. Participants from the United States, Japan, Western Europe and Hong Kong.

November 3-9. China International Exhibition Centre in Beijing. International Exhibition on Leather Processing Technology and Equipment. Participants from Canada, the United States, Britain, Japan and Hong Kong.

November 4-10. China International Exhibition Centre in Beijing. International Exhibition on Farming and Cultivation. Participants from the United States, Britain, France, Italy and Hong Kong.

Science and Technology

November 10-15. Beijing Agricultural Exhibition Centre. International Symposium on Space Structure and Architecture. Sponsored by the Chinese Association of Architecture. Participants from the United States, Japan, France and Hong Kong.

November 16-20. China International Conference Centre for Science and Technology. International Symposium on New Technology for Producing Vegetable Protein, Fat and Starch. Sponsored by the Chinese Association of Science and Technology. Participants from the United States, Japan, France, Federal Germany and Hong Kong.

Cultural Exchanges

October 1-14. A visit by 40-member Burmese cultural and art delegation.

October 10-29. A visit by a 14-member art troupe from France.

October 14-27. Beijing. Exhibition of Mexican architectural pictures.

October 15-29. Performances by a 13-member Canadian body shadow art troupe.

October 15. A six-member cultural delegation from Bangladesh arrives in China.

October 15. A Pakistani government cultural delegation arrives in Beijing.

October 18-30. A visit by a three-member Tanzanian government cultural delegation.

October 20-November 5. Concerts by a 120-member orchestra from Baden-Wuerttemberg of the Federal Republic of Germany.

October 27-November 9. Beijing. Exhibition of engravings from the Weimar period of the German Democratic Republic.

October 28-November 9. A visit by a seven-member cultural delegation from the government of the Democratic People's Republic of Korea.

New Drama Looks at Social Change

Confucius said, "One should not be puzzled at 40." This is the theme of *Puzzlement*, a new drama recently performed by Beijing's Central Experimental Drama Troupe (CEDT).

The play portrays middle-aged people's reactions to social change. In today's China, people in their 40s are the backbone of socialist modernization drive. They shoulder the heaviest tasks and have to bear many responsibilities in their work. The play captures some of their different experiences, personalities and psychological changes.

He Kai is the director of a textile mill. But on his 40th birthday, he is dismissed from his post. He had always been selfless, honest, unassuming, hard working and at one with the workers. Yet every year the mill suffered heavy losses. He is puzzled about what to do and feels wronged at being dismissed.

His job is taken over by a middle-aged woman—Bai Mo. Bai is open-minded, devoted to her work and always keeps forging ahead. More than 10 years before, she was a textile worker. Then she went to college and became a technician and the head of a workshop. Her husband is a driver, and more or less the same age as her. He is honest and tolerant. His hobbies are raising pigeons and growing flowers in his spare time. But in the face of social reform, he feels lost and directionless. After Bai becomes the director of the mill, he finds his family unlively, in disorder and

A scene from "Puzzlement."



disharmony. He and his wife have less and less in common.

Li Li, a 30-year-old woman, is Bai's secretary. She is also a student of Fang Leida—an accomplished calligrapher. Fang, 40, believes in studying and copying the ancient master calligraphers; and professes to be above politics and worldly considerations. He will not even agree to write several characters for the signboard of a privately owned cafe, although the owner is willing to pay. In academic matters, Li is diametrically opposed to her teacher. But in her heart, she has loved him for many years. Fang is unaware of her feelings.

Yan Deshun is an electrician in a factory. For many years, he has indulged in loud and empty talk, but his technical skills are not good. His wife is more practical, but is at a loss how to help him. The following dialogue shows their different characters.

Yan (Y): You don't know everything. There is no need for you to teach me.

Yan's wife (W): Don't brag about what you know. I don't like to hear that.

Y: But it is knowledge.

W: Quit bluffing.

Y: Do you know what "the third wave" is? What information feedback is? What the main ideology is? And what the self-selection of the character is?

W: Do you know how much a jin (0.5 kg) of spareribs costs? Has the price of toilet paper risen? And which brand of refrigerator is the most power-saving?

Y: You're a typical urban petty bourgeois.

W: Oh, you've become one of the intelligentsia!

In fact, the couple also wants to make changes in the ever-changing social wave of reform, but to no avail.

Another two characters had gone about 20 years earlier, with

immense revolutionary zeal to live and work in the countryside. But several years later, they found their enthusiasm was trampled by society. Now the woman is a technician in a textile mill, but very unsociable and eccentric. Her boy friend is a concrete worker. He has retained his enthusiasm and hopes to change his life. He tries to enlighten her but lacks strength and method.

The seven-act play lasts more than two hours. It leads the audiences to understand in a time span of less than six months the kaleidoscopic psychological changes of all the characters, to know how they reach the age of 40 when life really begins.

Aluminium platforms of varied heights serve as both scenery and props, showing the audience which is the sitting room, an approach, a platform, the kitchen, office, cafe or outdoor scenes. In recent years, aluminium platforms have been used to good effect on Chinese stages. In this case, they made the stage appear more modern artistically and symbolic philosophically.

Huang Dingyu, the 30-year-old stage designer, is a teaching assistant and a postgraduate student at the Central Drama Institute. Huang understands quite well that the people now in their 40s have grown up in the twisted historical period of the 10 chaotic years and want to stride forward towards a better future.

On the stage, there is a red circular board 7 metres in diameter. Huang said the piece of scenery is meant to be a wheel that is breaking, symbolizing old conventions and social ideology turning in tears and blood. He hopes that his designing will prompt people to change after puzzlement and thinking, that is, to crash old ideology and ethical concept, and give birth to new things.

At the end of the play, the discharged textile mill director and the driver begin to realize that their failure was because they did not change with society. The former director opens a modern recreational ground and pays attention to scientific business management. He gains self-confidence through success. Although some people criticized him for "losing so many good things in him," he persists. The woman director and the driver come together again. The electrician begins to study and work hard to improve his skills. The calligrapher marries Li Li and enjoys a home life once more. With comrades' help, the woman technician regains her enthusiasm and marries the concrete worker.

The Central Experimental Drama Troupe is one of the three biggest drama troupes in Beijing. Like the other two, the Beijing People's Art Theatre and China's Youth Art Theatre, the experimental troupe has a big repertoire, including foreign and Chinese classics and modern dramas. The troupe was set up in 1956 at the suggestion of the late premier Zhou Enlai. Its members, who try their best to combine advanced foreign artistry with China's performing art, evolve their own unique style which is much appreciated by Chinese audiences.

According to the introduction by Shi Weijian, the actor who plays the part of the discharged mill director in the drama, *Puzzlement* was written by 40-year-old Huang Xiaozhen from the coastal city Qingdao. When the play was published in the magazine *Drama* in May, Zheng Zhenyao, a famous actress and the newly appointed head of the experimental troupe, suggested that the troupe stage it. Both Zheng and Shi have been with the troupe since its forming and have been trained since their teens by some famous artists. The two are well-known in China for both are experienced in stage and cinematic techniques.

Recalling his experience, Shi said: "I most like to perform this kind of drama, which expresses the people's life of our time." *Puzzlement* shows the contradictions and changes of different attitudes towards life, of varied concepts on value, love, marriage, family and friendship. The characters' puzzlement makes the audience think and accept advanced ideas. As the discharged director says in the play: "Now everything has changed. We have to change ourselves." This cry from the bottom of the ex-director's heart more or less generalizes the current historical progress in China.

The play has had strong repercussions since it was first put on in mid-August. Nearly

everyone who has seen it said it made them think deeply. Critics have said the play vividly describes middle-aged people's psychology, outlook on life and changing feelings in the context of China's reforms.

Its prose-like style, open composition, free flow of time and space and the combination of neutral props and realistic acting are all meant for the delineation of characters and the needs to express their innermost feelings.

Of course the play has shortcomings. It is somewhat rough and loosely organized, and some characters are a little dull. But more important, it has a good artistic angle. With some more polishing, it could be an excellent drama. ■

Scenes of some plays by CEDT

The stage photos were taken by Chen Daping during CEDT's performances in recent years.



"The Dead Visits the Living" (1985) presents a victim's examination of the psychology of onlookers to a crime. It condemns, through the use of fantasy, the ethical defects of some people.



"Dawn in the Grey Kingdom" (1980) presents scientists being replaced in important positions in a factory after the fall of the "gang of four."



"Our Town" (1987), a modern American drama directed by Lois Wheeler Snow.



"Future Awakes You" (1979) For the first time on stage, Chinese performers conveyed opposition to the personality cult.

DRAGON and CHINA



You are cordially invited to join a "Contentment Cup" International Calligraphy and Seal Cutting Competition on TV to be held to mark the Year of Dragon.

* * *

To mark the Year of Dragon (1988), this grand calligraphy and seal cutting competition, co-sponsored by Hunan TV Station and the Changsha Refrigerator Factory, is open to competitors throughout the country and the world.

Entrants need to know:

1. All works should focus on the theme of "Dragon." They can be in various forms such as verse, idiom, proverb or motto, whether ancient or modern, Chinese or foreign.
2. There is no limitation on the styles or schools of art, but originality is encouraged. Each competitor can contribute no more than two pieces of calligraphy work measuring 2m x 0.45m, 1.2m x 0.3m, 0.9m x 0.54m, 1.2m x 0.6m, or 1.2m x 0.42m. Seals contributed by each competitor should be limited to eight pieces. If the works are in cursive and seal scripts, explanation in modern Chinese should be attached.
3. Along the bottom line on the back of each work, write in pencil the contributor's name, sex, age, nationality, work unit and address.
4. All contributions should be sent to: The Office of International Calligraphy and Seal Cutting Competition, Hunan TV Station, Changsha, China.
5. Deadline: From September 20 until December 20, 1987 (as identified by the postmark).
6. Works entered in the competition will not be returned.
7. Famous calligraphers will be invited to form the jury for the competition.
8. Two special-class prizes, 20 gold prizes, 80 silver prizes and 300 bronze prizes will be issued, together with material awards and certificates.
9. Some prize winners will be invited to attend the award ceremony and the evening TV party.
10. Prize winning works will be displayed in exhibitions held in Beijing and Changsha.
11. A collection of prize-winning works will be compiled for publication.
12. A TV programme will be produced on the competition.
13. The competition is sponsored also by: Central TV Station (CCTV), Radio Beijing, Beijing Review, Chinese People's Association for Friendship With Foreign Countries, Chinese Calligraphers' Association, Chinese Painting and Calligraphy, Chinese Calligraphy, Foreign Affairs Office of the Hunan Provincial Government, Liaison Committee of the Hunan People's Political Consultative Conference and Department in Charge of Publicity Work of the Hunan Provincial Party Committee.

**Hunan TV Station,
Changsha Refrigerator Factory**



ART PAGE

The Traditional Chinese Paintings by Gong Wenzhen

Yulan Magnolia.

Gong Wenzhen, born in Beijing in 1945, now teaches at the Central Institute of Arts and Crafts. He specializes in the flowers and birds of traditional Chinese paintings.

Mountain flower.



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