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Prospect for Political Restructuring



13th CPC CONGRESS OPENS



Belsur Doje Norbu (right), a former officer of the Dalai government, returned to Tibet in 1985 with his family. He is now a member of the Lhasa People's Political Consultative Conference.

Xu Peng



Chin Lei Doje, who spent the first half of his life abroad, now lives a happy life with his grandsons.

Xu Peng



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HIGHLIGHTS OF THE WEEK

Zhao Delivers Report at Party Congress

■ In a report to the 13th Party Congress, Acting General Secretary Zhao Ziyang outlined the Party's basic line, the plans to deepen economic reform and the immediate and long-range objectives of political restructuring. He also explained some theoretical advances that help clarify China's tasks during the primary stage of socialism (p. 5).

Blueprint for Political Restructuring

■ A blueprint for political restructuring, worked out by the 13th Party Congress, is discussed in detail in Zhao Ziyang's report. Separating Party and government functions is stressed as the key to political restructuring. The reform will include strengthening socialist democracy and the legal system as well as improving other related systems. The reform will benefit economic construction and socialist modernization as a whole (p. 4).

Deliberations on China's "Second Revolution"

■ This article puts China's reform, called "the second revolution," in an international and historical context. It also examines the conditions prevailing in China today which are at the heart of the reforms (p. 14).

Iran-Iraq War and US-Soviet Rivalry in the Gulf

■ The seven-year Iran-Iraq war has not only brought enormous losses to the opposing nations, but has seriously threatened peace in the Gulf. Even more worrying is the growing intervention of the superpowers which is internationalizing the conflict (p. 16).

Stock Markets Mirror Economic Instability

■ The stock market crash in New York and other world financial centres could be the harbinger of a more volatile future for Western economies (p. 10).

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Blueprint for Political Restructuring

by Ge Wu

The 13th Party Congress has drawn up a blueprint for China's political restructuring. This reform is discussed in detail in the report delivered by Zhao Ziyang to the congress on behalf of the Central Committee. The report charts the course for the reform which will soon spread out across the country. The report formulates the basic principles and content of the reform and the steps to be taken to achieve it. Worked out after full deliberation and pooling of the collective wisdom, it is quite comprehensive and practical.

As outlined in the report, the main defects of China's current political structure are: confusion of Party and government functions and the usurpation of government functions by the Party; over-concentration of power; unwieldy administrative structure, overstaffing, the imperfect socialist democratic system, and bureaucracy.

Separating Party and government functions is stressed as the key to political restructuring. The Party is the core of the leadership of China's socialist cause. However, the long-standing problem of confusion of Party and government functions and usurpation of government function by the Party makes it impossible for the government to exercise its function fully, and the Party to free itself from day-to-day administrative affairs. Unless this problem is solved, it will be impossible to strengthen Party leadership and implement other reform measures.

The report stresses that Party leadership means political leadership; specifically, leadership in setting political principles and political orientation, in making

major policy decisions and in nominating important cadres to government organizations. The Party exercises its political leadership over state affairs in a number of ways: The Party's advocacy becomes the government's will through legal procedures, and the masses are motivated to implement the Party's line, principles and policies through the activities of Party organizations and the exemplary role of Party members. In this spirit, the Party will no longer take charge of every government matter and the government will fully exercise its function.

Party organizations will be readjusted appropriately along with the change in their methods of leadership and activities. Party committees will no longer appoint full-time secretaries and standing committee members to take charge of government work though they hold no government post. Administrative affairs formerly handled by Party committees will be taken over by government departments.

The over-concentration of power has many manifestations: the power of administrative, economic and cultural establishments and of public organizations being largely concentrated in Party committee leaderships and the power of grass-roots units being concentrated in the higher leading bodies. This phenomenon while causing the leading bodies to become bogged down in routine matters, has made it difficult to motivate the enthusiasm of the grass-roots units and the masses.

In the process of reform, power will be delegated to the lower levels; under unified government

decree, local affairs will be handled by the locality, and affairs of the people by the people themselves.

Unwieldy government organization is a main cause of bureaucracy. Reform will be carried out from top to bottom. Administrative organizations will be amalgamated or simplified in accordance with the requirements of economic reform and of separating administration from enterprise. Direct government administration of enterprises will be removed in favour of indirect administration.

The 13th Party Congress proposes that the State Council immediately set about making a plan for revamping the central government organizations, and submit it to the First Session of the Seventh National People's Congress next spring for examination and approval.

A system of state public servants will be established. This will train statesmen and administrators who have both ability and political integrity, so that the efficiency of government work will be raised.

A system for public consultation and dialogue will be established to improve communication between the higher and the lower levels and to promote mutual understanding between different groups of people. This will help overcome bureaucracy and correctly handle various contradictions among the people.

The system of the people's congress, of multi-party cooperation and political consultation under Party leadership and the rule that decisions made in line with the principle of democratic centralism should be put into

Party Congress Highlights Reform

Zhao Ziyang, acting general secretary of the Communist Party of China (CPC), said the central task of the 13th CPC National Congress was to accelerate and deepen China's reform. "Reform is the only process through which China can be revitalized. It is a process which is irreversible and which accords with the will of the people and the general trend of events."

Zhao made these remarks while delivering a report of the CPC Central Committee to the congress, which opened on October 25 in Beijing.

Zhao told the delegates that the congress would analyse experience; uphold and develop the line followed since the Third Plenary Session of the 11th Central Committee held in 1978; define the basic policies for future economic development, economic structural reform and political structural reform; and decide on

basic principles for strengthening Party building as China carries out reform and the open policy.

The congress, held from October 25 to November 1, was attended by 1,936 delegates. The CPC had 46,011,951 members, including 2,410,831 probationary members, at the end of 1986.

From October 26 to 31, the congress delegates were divided into groups to discuss the Central Committee report and candidates for the Party Central Committee, the Central Advisory Commission and the Central Commission for Discipline Inspection.

Deng Xiaoping, chairman of the Central Advisory Commission of the CPC, presided at the October 25 meeting.

Historical Achievements Zhao said profound changes have taken place in the country in the past nine years from the time of the Third Plenary Session of the 11th CPC Central Committee.

He noted that sustained, stable growth has been brought about in the national economy. During the nine years, China's gross national product (GNP), state revenue and the average income of both urban and rural residents, roughly speaking, have all doubled.

He outlined the country's major achievements in social and economic development as follows:

—The overwhelming majority of China's 1 billion people has secured a life with enough food and clothing. People in some areas are beginning to become well-off.

—China has created job opportunities for 70 million urban residents. In the countryside, 80 million peasants have now shifted wholly or part time from farming to industry.

—Market supplies have improved greatly. China has basically put an end to the situation in which there were acute and long-lasting shortages of consumer

practice without delay, these are systems unique to our country and make up our superiority.

These systems will be upheld and improved during political restructuring. The National People's Congress will improve its performance and strengthen its legislative work and legal supervision. The People's Political Consultative Conference organized on the basis of the patriotic united front formed by the Communist Party of China, the democratic parties, people's organizations and representatives of other circles will make it its regular business to conduct political consultation and democ-

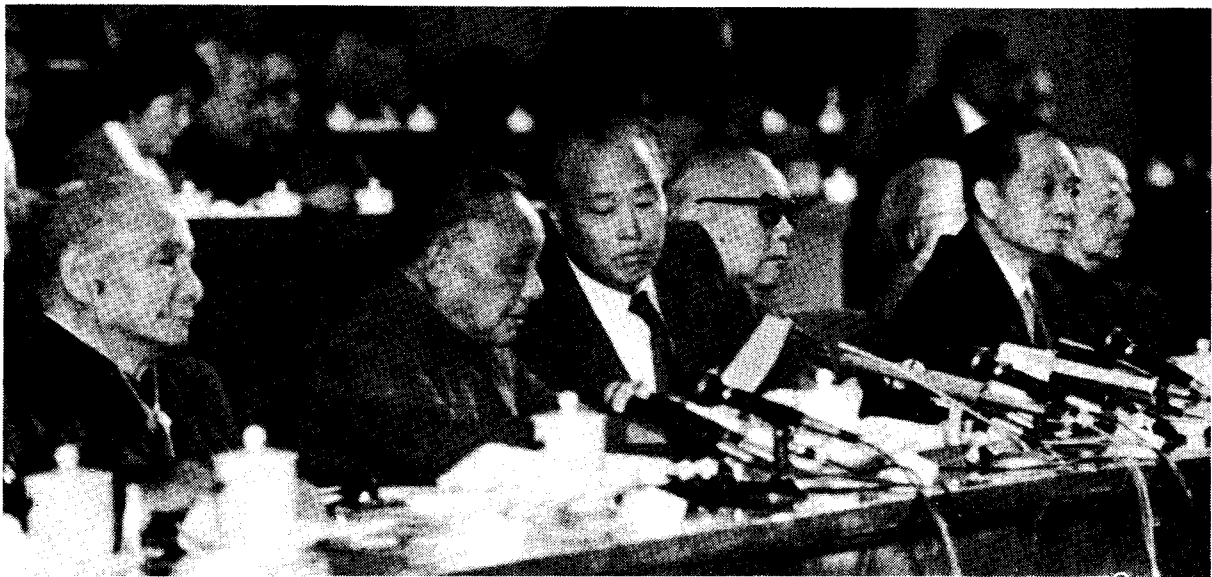
cratic supervision over major issues concerning state policies and guidelines and the people's livelihood. Trade unions, youth and women organizations will, in light of their own unique nature, organize activities on their own. The electoral system will be improved, according more respect for the electors' will. Measures will be taken to institutionalize democratic life in grass-roots units.

Efforts will be made to strengthen socialist democracy and the socialist legal system.

All these reforms will help establish a system of leadership which will be more efficient, more lively and capable of motivating

general enthusiasm. These are the immediate goals for political restructuring. Their achievement will help lay the ground for socialist democracy, while continued efforts will be made to attain the long-term goals of establishing a socialist political system which is highly democratic, legally perfect, efficient and dynamic.

Political restructuring is placed on the agenda in order to meet the requirements for deepening economic reform. After the 13th Party Congress, it will be carried out step by step, facilitating economic reform, economic construction and the development of socialist modernization as a whole. ■



Chen Yun, Deng Xiaoping, Zhao Ziyang, Li Xiannian and Hu Yaobang (from left) at the meeting.

WANG JINGDE

goods.

—There has been marked improvement in the situation of serious imbalance between major sectors of the national economy, which has gradually been set on a course of more or less coordinated development.

All these achievements in economic development over the past nine years, Zhao stressed, are inseparable from the resolute efforts China made to advance the all-round reform and the open policy after it restored things to order.

He said that marked successes have also been scored in the political, diplomatic and other fields. After speaking about the solution of the Hong Kong and Macao issues, Zhao stressed that China will strive to achieve a peaceful settlement of the question of Taiwan in accordance with the same principle of "one country, two systems."

He pointed out that nine years' practice has proved that the line followed since the Third Plenum of the 11th Party Central Committee is a correct, Marxist line.

This line is the crystallization of the wisdom of the Party and the people, he said.

Referring to Deng, Zhao said, "With his courage in developing Marxist theory, his realistic approach, his rich experience and his foresight and sagacity, Comrade Deng Xiaoping has made significant contributions to the formulation and development of this line and to decision-making on a series of key issues, as well as to the creation of a new situation in construction, reform and opening to the outside world."

Primary Stage of Socialism

China is now in the primary stage of socialism. It will be at least 100 years from the 1950s, when the socialist transformation of private ownership of the means of production was basically completed, to the time when socialist modernization will have been in the main accomplished. All these years belong to this primary stage, Zhao stressed.

This stage is not the initial phase in a general sense—a phase that every country will go through in the process of building socialism. Rather, it is the specific stage China must go through while building socialism under conditions of backward productive forces and an underdeveloped

commodity economy, Zhao explained.

There are two aspects to this thesis, he said. First, Chinese society is already a socialist society, and "we must persevere in socialism and never deviate from it." Second, China's socialist society is still in its primary stage, and "we must proceed from this reality and not jump over this stage."

A correct understanding of the present historical stage of Chinese society is of prime importance for building socialism with Chinese characteristics, and it is the essential basis on which to formulate and implement a correct line and correct policies, he said.

"Under the specific historical conditions of contemporary China, to believe that the Chinese people cannot take the socialist road without going through the stage of fully developed capitalism is a mechanistic view on the question of the development of revolution, which is the major cognitive root of right-deviationist mistakes. On the other hand, to believe that it is possible to jump over the primary stage of socialism in which the productive forces are to be highly developed is a utopian

view on this question, which is the major cognitive root of 'left' mistakes."

The basic line of the Party in this stage is as follows: to lead the Chinese people of all nationalities in a united, self-reliant, intensive and pioneering effort to turn China into a prosperous, strong, democratic, culturally advanced and modern socialist country by making economic development the central task while adhering to the four cardinal principles* and persevering in reform and the open policy, Zhao said.

Development Strategy Ever since the Third Plenary Session of the 11th Party Central Committee in 1978, he said, China has been carrying out a strategic plan for economic development. This plan involves three steps. The first step is to double the GNP of 1980 and solve the problem of food and clothing for the Chinese people. This task has been largely fulfilled. The second step is to double it again by the end of this century, thus enabling the Chinese people to lead a fairly comfortable life. The third step is to reach the per capita GNP level of medium-developed countries by the middle of the next century. This will mean that modernization will have been basically achieved and that the Chinese people enjoy a relatively affluent life. Then, on this basis, China will continue to advance.

Zhao stressed that the most important task at present is to make a success of the second step. He saw the solution of the problem of poor economic results as the key to success.

In this connection, he outlined three major tasks:

—To give first priority to the expansion of scientific, technological and educational undertakings so as to push forward economic development through advances in

science and technology and improved quality of the work force.

—To maintain a rough balance between total demand and total supply and rationally adjust and reform the structure of production.

—To open wider to the outside world and constantly expand economic and technological exchange and co-operation with other countries.

Restructuring Economy Zhao said that all the reforms that have been carried out in the country are conducive to the development of the socialist economy.

The reforms include the development of different types of ownership, with public ownership remaining predominant, and even allowing the private sector to exist and develop. "This is determined by the actual condition of the productive forces in the primary

The opening ceremony of the congress.

LIU JIANGUO



*Upholding the socialist road, the people's democratic dictatorship, the Party's leadership and Marxism-Leninism and Mao Zedong Thought.

stage of socialism," he said.

The country's main task in deepening the reform is to change the managerial mechanism of enterprises and, with that end in view, to institute supporting reforms in the systems of planning, investment, allocation of materials, finance, monetary affairs and foreign trade. In this way, China will gradually establish a basic framework for a planned commodity economy, Zhao said.

The socialist planned commodity economy should be a system that integrates planning with the market, Zhao said, adding that the essential difference between socialist and capitalist commodity economies lies in the form of ownership on which they are based.

Planning should be done according to the principle of commodity exchange and the law of value, he said. On the whole, he said, under the new economic mechanism, "The state regulates the market, and the market guides enterprises."

Political Restructuring The immediate objective of reform of the political structure, Zhao said, is to institute a system of leadership that will help to raise the efficiency, increase the vitality and stimulate the initiative of all sectors of society.

The immediate objective of the reform is limited, he said. But when that objective is achieved, it will lay a sound foundation for socialist democracy and for the realization of the long-range objective.

The long-range goal of reform, he said, is to build a socialist political system with a high degree of democracy and a complete set of laws — a system that is effective and full of vitality.

China will never abandon the characteristics and advantages of its system, Zhao said. These include the people's congresses, multi-party co-operation and

political consultation under the leadership of the Communist Party, and the practice that decisions made in accordance with the principle of democratic centralism will be implemented promptly.

He added that China will never introduce a Western system of separation of legislative, executive and judicial powers and of different parties ruling the country in turn. (For details of the political reform, please read "Notes From the Editors.")

Party Building On building the Party's organization, Zhao said that the principle of making the ranks of cadres more revolutionary, younger, better educated and more professionally competent has been proved correct in practice. The most important criterion for judging whether a cadre is revolutionary is whether he or she is firm in implementing the Party's basic line.

"In our efforts to promote younger cadres to leading posts," Zhao said, "we should now focus on members of the central leading bodies. We propose that this congress take a big forward step in this respect."

Zhao said that strengthening the Party's collective leadership and democratic centralism should start with the central committee and include the following:

- Establishing a system of regular working reports to the Political Bureau of the Central Committee by its Standing Committee and to the plenary sessions of the Central Committee by the Political Bureau;

- Increasing the number of plenary sessions of the Central Committee each year so that its role in collective decision-making can be brought into fuller play;

- Formulating work rules and a system for holding democratic meetings of the Political Bureau, its Standing Committee and the Secretariat of the Central Com-

mittee, so as to institutionalize collective leadership and place Party leaders under more strict supervision and control.

He maintained that the inner-party struggle against corruption is unavoidable while China is carrying out reform and the open policy. Corrupt members who have done harm to the cause of the Party and the people must be expelled.

Development of Marxism Zhao said that the integration of Marxism with practice in China for more than 60 years has experienced "two major historic leaps."

The first leap took place during the new-democratic revolution, when the Chinese Communists, after repeated exploration and learning by trial and error, found a road of revolution based on China's particular conditions and led the revolution to victory.

The second took place after the Third Plenary Session of the 11th Party Central Committee in 1978. Having analysed both positive and negative experiences of more than 30 years since the founding of the People's Republic and studied the experience of other countries and the world situation, the Chinese Communists found a way to build socialism with Chinese characteristics, thus ushering in a new period of socialist development in the country. ■

China Expects Bumper Harvest

China is looking forward to another good harvest. Nearly 400 million tons of grain—the second highest amount in history—are expected to be reaped this year. Other major cash crops are likely to show record yields.

A spokesman for the State Statistics Bureau said grain output



TAO MING

Gao Deming, a farmer in Anhui Province, has sold 45,000 kg of cash crops to the state so far this year.

may be 5 million tons higher than last year. The biggest harvest on record is 405 million tons in 1984.

The spokesman said cotton output will top 3.9 million tons, a rise of some 10 percent over last year.

The total output of edible oil crops is expected to increase by 1.7 million tons over last year to reach 16.5 million tons. The tobacco output will also rise, he said.

As part of the growing support for agriculture by local governments, loans to farmers outstanding in the first nine months of this year increased by 47 percent over the same period last year to reach 50.2 billion yuan (about US\$13.5 billion). At the same time, farmers spent about 54.7 billion yuan on production materials—one reason for the expected increase in the grain harvest.

Talking about the country's foreign trade, the spokesman said efforts to offset the trade deficit paid off in the first nine months as China saw a favourable turn in the balance of its international payments.

Quoting Chinese customs statistics, he said export volume

totalled US\$26.5 billion at the end of September, an increase of 23.9 percent from the same 1986 period. Total import volume dropped by 3.8 percent to US\$29.2 billion.

The foreign trade deficit fell to US\$2.7 billion from US\$8.96 billion a year earlier.

After deducting imports not requiring payment in a foreign currency, China realized a surplus of US\$270 million in terms of foreign currency earnings and expenditure. As a result, foreign exchange reserves have risen, he said.

China's total industrial output value (not including industry below the village level) amounted to 751.9 billion yuan in the first nine months, an increase of 15.3 percent over the corresponding period of 1986. The spokesman predicted that the total industrial output value for the year will rise by 13 percent over 1986.

But there are still some major problems, he said, such as pork and sugar supplies, an increase in the national retail price index and a drop in the real income of some households. ■

Beijing Issues New Hotel Rules

Beijing has issued 11 sets of regulations relating to tourism administration, including rules for the dress of hotel staff and qualifications for tourist guides.

The Beijing Tourism Bureau will issue certificates to qualified guides. Only certificate holders may act as tourist guides.

The new regulations reiterate that tipping is illegal, with dismissal as the penalty for any worker in the tourism industry who accepts a tip.

Chinese tourism services based outside of Beijing which intend to do business in the city must first register with the tourism bureau. Foreign, Hong Kong and Macao-based companies are not allowed to provide tourism services in Beijing.

According to the regulations on hotel safety and administration, prostitution, drug abuse and gambling are strictly forbidden and violators will be punished.

A list has been compiled of 97 hotels and 87 restaurants qualified for use by foreign tourists. The tourism bureau stressed that state price policies must be observed and any establishments which violate the regulations will be excluded from the list.

Beijing has more than 1,000 restaurants and 218 hotels, many of which are poorly managed. Foreign tourists have made many complaints.

Listing approved hotels and restaurants will protect the interests of tourists, said Bo Xicheng, director of the tourism administration. Travel agencies are required to take foreign tourist groups or individual travellers only to places which offer good service and food. ■

UNITED STATES

Fear Grips Wall Street

Some inflation-haunted Western countries moved to nudge interest rates higher and US stocks took a nosedive.

Panic swept Wall Street in mid-October as a record crash hit the New York Stock Exchange. In the four trading days from October 14-19, the Dow Jones industrial average plunged about 770 points or 30.7 percent. Reverberations from the crash were felt in stock markets around the world.

Worries that the US dollar will remain weak and fears about higher interest rates combined to undercut the strength of the New York market. Federal Germany recently moved to raise interest rates and this is likely to attract investors away from the dollar and put downward pressure on the currency unless US rates rise as well. US Treasury Secretary James Baker said on October 18 that the United States is unlikely to raise rates to defend dollar. "We will not sit back and watch surplus countries jack up interest rates and squeeze growth on the expectation that the United States will raise rates," he said, suggesting that Washington could let the dollar fall in retaliation.

The Group of Seven major industrialized countries—the United States, Federal Germany, Japan, Britain, France, Canada and Italy—spent US\$90 billion to support the declining greenback during the first nine months of this year. Many financial specialists now doubt the effectiveness of the group's co-operation. But they point out that without intervention, the dollar will head lower in the coming months. The governments also seem to be losing confidence in their ability to shore up the currency and instead are directing their efforts to the fight against inflation. Recent reports

indicate that Japanese officials are very worried about inflation and are ready to raise interest rates.

Fears about the dollar were heightened by the disappointing August trade figures announced by the US Commerce Department on October 14. The slowness in reducing the trade deficit convinced many bankers and currency dealers that the dollar has to fall further in value. A lower dollar is less attractive to foreign investors, who play a vital role in the US equity and bond markets. In the first half of 1987, they pumped US\$44 billion into US stocks. It has been reported that foreign investors are shifting some funds from the equity market to other financial instruments, signalling a bear market ahead.

The expectation of higher interest rates has also helped corral the five-year-long bull market. Conventional wisdom says the stock market declines as interest rates climb and rises when rates fall. US markets have had a fine run since 1982 while US interest rates were low. But rates

have been rising steadily since some commercial banks raised their trend-setting prime lending rate to 9.75 percent in early October, the sixth increase this year. The yields on 30-year treasury bonds climbed to 10.22 percent, up almost 3 percent since the start of the year. It is widely expected that interest rates will climb in the coming months to offset surging inflation and the falling dollar, which points to more problems on the stock market. Some economists warn that higher interest rates may choke off the already faltering economic growth in the country, triggering a recession next year.

The five-year boom on the New York Stock Exchange was one of the longest since World War II. The Dow topped the 2,000 mark in early January and peaked at 2,722.42 on August 25. But market volatility is not surprising in this age of programmed trading and rapid international capital movements. Some economists still believe that the recent drop of the industrial average since its August record high could be a market "correction." The Dow fell again after a statement by President Ronald Reagan on October 22 that he is resolved to reduce the huge budget and trade deficits. By the end of trading on October 23, the average was down about 557 points from its pre-plunge close on October 13.

by Xia Zhaolong

JAPAN

Nakasone Passes Reins to Takeshita

Noboru Takeshita, who was selected as the new president of Japan's ruling Liberal Democratic Party, and therefore as the country's prime minister, faces some tricky domestic and external problems.

Yasuhiro Nakasone, president of the Liberal Democratic Party (LDP) and prime minister of Japan, chose Noboru Takeshita to

be his successor at around 12:30 am on October 20. Nakasone made the decision after Takeshita and two other candidates for the

LDP presidency, LDP General Council Chairman Shintaro Abe and Finance Minister Kiichi Miyazawa, failed to agree on which of them would take over.

Nakasone, whose term as LDP leader expired on October 30, stepped in after the three deadlocked contenders turned to him for mediation to avoid a run-off election.

As the new LDP leader, 63-year-old Takeshita is assured of the post of prime minister because of the LDP majority in both houses of the Diet (parliament).

Three reasons are cited for Nakasone's choice of Takeshita. First, Takeshita leads the largest faction in the party. Making him president is expected to help stabilize and unify the party. Second, Diet members of the Takeshita faction were among Nakasone's main supporters; Takeshita, who has said he will carry on Nakasone's policies, was four times appointed a cabinet minister by Nakasone. Finally, Takeshita is a statesman well-known for his abilities in political manoeuvring and policy implementation. He served as chief cabinet secretary in the cabinets of former prime ministers Eisaku Sato and Kakuei Tanaka.

Takeshita will encounter some difficult problems as he seeks to carry out his predecessor's economic reform policies and meet Japan's international obligations.

His main headache will be figuring out how to accelerate Japan's shift from an export-led economy to one led by domestic consumption while striving for a diverse and open domestic market and seeking lasting solutions to the nation's external surplus with its trading partners, especially the United States.

A former construction minister, Takeshita will soon hear a warning from Washington that the United States may take retaliatory action for Japan's refusal to open up its construction market, in particular, the 1-

trillion-yen Kansai international airport project.

Meanwhile, Takeshita will try to arrange a visit to Tokyo by Soviet leader Mikhail Gorbachev next year in a bid to overcome the impasse in Japanese-Soviet relations, strained over a territorial matter. Since the end of World War II, the Soviet Union has occupied four small Japanese islands off the country's northernmost main island of Hokkaido.

The new prime minister is also expected to deal with the problem of the Kokorio student dormitory in Kyoto, which has cast a shadow over Sino-Japanese relations. In February an Osaka district court ruled that the dormitory, China's state property, belongs to Taiwan after accepting a lawsuit filed in the name of "the Republic of China," which the Japanese

government does not recognize. China has condemned the ruling as a violation of the agreements between the two countries in recent years.

Takeshita will pick powerful party figures to head the key ministries of finance, construction, and international trade and industry in line with his campaign promise to continue reforms and curb skyrocketing land prices. He is expected to run into immediate criticism when his government, to be formed November 6, introduces an indirect tax plan to replace the 5 percent sales tax proposal which the Nakasone government was forced to drop under heavy pressure from opposition parties and the public.

In short, Takeshita, though riding high now, will find his political path rocky.

by Sun Dongmin/Tan Jianrong

COMMONWEALTH

Britain Rejects Anti-Apartheid Moves

The five-day commonwealth summit failed to unanimously support wider and tighter measures against the apartheid regime of South Africa because of Britain's opposition.

At the end of their October 13-17 summit meeting, Commonwealth leaders announced that with the exception of Britain, they will try to secure a more concerted application of a global anti-apartheid sanctions programme which includes the United States and Europe.

In a 12-page statement, the leaders said, "We agree that we will continue to take further action individually and collectively... until apartheid is dismantled." With the exception of Britain's Margaret Thatcher, they agreed that economic and other sanctions have had a significant effect on South Africa and that a wider, tighter and more intensified application of sanctions must remain an essential part of the

international community's response to apartheid.

A reporter for the British Broadcasting Corp. said Britain appeared to be more isolated than before at the meeting, while other Commonwealth nations were even more united in their stand against Britain's South African policy.

Britain reluctantly agreed to impose limited sanctions against Pretoria at the Commonwealth meeting in 1985. But at the mini Commonwealth summit in London last year, it strongly opposed any further sanctions while the other six participants—Canada, Australia, India, Zimbabwe, Zambia and the Bahamas—decided to ban uranium, coal and steel imports from South Africa.

Although Britain later announced it would not make further investments or help develop tourism in South Africa, its decision to stop short of imposing overall sanctions against Pretoria was criticized within the Commonwealth. Many countries boycotted the Edinburgh Commonwealth Games in 1986 to demonstrate their disapproval.

At the recent Commonwealth meeting, which brought together leaders of 48 nations, Thatcher tried to defend Britain's position, insisting that sanctions would make Pretoria even more obstinate and persistent in its apartheid policy, and would inflict suffering on blacks more than whites. She said that any change in South Africa would have to be brought about through economic development.

Analysts believe the real reason for Thatcher's position is the huge British stake in South Africa. Britain accounts for 45 percent of the country's foreign investment and is also Pretoria's largest trading partner. Trade between the two countries amounts to US\$2.5 billion a year, exceeding the total of South Africa's trade with the rest of the Commonwealth states.

However, all the Commonwealth leaders, including Thatcher, agreed to come to the aid of southern Africa's front-line states. This will include enhancing security and the physical protection of a key rail line and the port of Maputo in Mozambique to discourage disruptive raids by South African military forces. They also agreed that a committee of eight foreign ministers, excluding Britain, will meet from time to time to provide high-level impetus and guidance on the implementation of the mandate in their statement on South Africa. Calling for international help for the front-line states, the leaders said aid must provide for the region's security against South African aggression. The assistance to date has been mainly financial.

It was announced at the end of the summit that Thatcher plans to visit Africa early next year. It would be her first visit to the continent since she took office in 1979. It is hoped that the visit will

bring her a better understanding of the reality in southern Africa and lead to a realistic change in Britain's policies towards that part of the African continent.

by Hua Bao

CANADA—USA

Free-Trade Deal Goes All the Way

A comprehensive free-trade agreement between Canada and the United States could result in the largest free-trade zone in the world.

The United States and Canada worked out a comprehensive free-trade agreement after 19 months of laborious haggling and elaboration. Under the agreement, which was reached early last month, the two countries would eliminate all tariffs and duties on each other's products over a 10-year period. Some tariffs would end when the pact goes into effect in January 1989. Others would be phased out over five years, by 20 percent a year, and the rest over 10 years, by 10 percent a year.

Both sides have agreed to set up a strong and expeditious binational tribunal as a court of last resort for cases brought under laws in either country that give industries the right to seek penalties against unfairly priced goods. But the trade court would be used only after existing complaint procedures in both countries have run their normal course. At that point, the losing side could appeal the finding to the tribunal.

The agreement was signed just before the October 5 deadline set by the US Congress. The legislative body said it would not consider for ratification any agreement signed after that date. In late September, Canada walked out of the free-trade talks, saying the United States had shown insufficient flexibility on Ottawa's demand for a tribunal to settle

bilateral trade disputes. Negotiations resumed on October 2 after the Canadian government decided that fresh proposals outlined by US Treasury Secretary James Baker showed enough flexibility in the US position to warrant a return to the bargaining table.

The United States and Canada already conduct the largest volume of trade between any two nations in the world—US\$150 billion last year. If the agreement wins the approval of the US Congress and Canada's Parliament, the 4,000-kilometre border will be virtually eliminated in an economic sense, as US trade representative Clayton Yeutter once said.

The trade deal would expand the access of US farm products to Canadian markets. It would eliminate Canadian import licences for US wheat, barley, oats and grain products, and ease Canadian import quotas on poultry and eggs. Under the agreement, guarantees contained in the Canadian-US auto pact which safeguard more than 130,000 jobs in Ontario and Quebec would be retained. Canada would make permanent its recent policy of not screening new US business investments in Canada and would significantly reduce screening of direct acquisitions. The deal would also enable US- and Canadian-based banks,

trust and insurance companies, and investment dealers to operate freely in both countries. It would promote energy trade between the two countries by ending quotas and taxes, and reducing import and export prices and other restrictions.

The Reagan administration sees free trade with Canada as a goal that can be accomplished in the remainder of its term. Given the pressure for protectionism to solve the problem of horrendous US trade deficit, the administration seems to have scored a victory in obtaining the free-trade pact.

The pact was also a long-time goal of Canadian Prime Minister Brian Mulroney's Conservative government. Having turned away

from the former Liberal government's strategy of reducing Canada's dependence on the United States and restricting US investment in the country, Mulroney first proposed a version of the free-trade area in 1985.

Canada has had frequent trade quarrels with the United States in recent years, and could not afford to let them continue.

The agreement has raised worries that US influence on Canada's economy, culture and even politics will grow. But for a variety of geographical, cultural and historical reasons, fears of US influence and even domination are as old as Canada itself.

by Wan Di

AFRICA

Industrialization at the Crossroads

A meeting of African industry ministers showed that African countries are determined to free the continent from economic backwardness.

African industry ministers ended their two-day special meeting in Addis Ababa on October 17 by reaffirming their determination to ensure the success of the continent's industrial restructuring and rehabilitation efforts.

The meeting, called to seek a common position for the general conference session of the United Nations Industrial Development Organization (UNIDO) scheduled for this month in Bangkok, discussed several pressing problems facing the continent's industries. A report on the special meeting and an African memorandum for the second UNIDO general conference session on industrial development in Africa were adopted.

The memorandum said Africa should give priority to industries which are related to the needs of the majority of the population. These include food processing and agro-industries, especially those

aimed at increasing agricultural production and raising productivity. The production of fertilizers, pesticides and agricultural implements and machinery falls into this category.

The memorandum also called for formulating industrial manpower development policies and plans, and urged the international community to provide more specialized training opportunities for Africans and to give African countries more appropriate technical and technological information.

On industrial financing, the memorandum called on the African countries to improve their industrial efficiency to generate profits. It urged the developed countries to honour their commitment to the 1986-1990 programme of action for African recovery and development, which was adopted at a special session of the UN General Assembly in May 1986,

and to give African industrial products greater access to their markets. It also asked the developed countries to offer support to national and regional financial institutions in Africa and provide soft loans to African countries on preferential terms.

The African countries, traditionally suppliers of agricultural products and raw materials, began shortly after their independence in the early 1960s to put greater emphasis on the industrial sector as a means of diversifying their economies. In the 1960s, their average industrial growth rate was 7.5 percent, and in the 1970s it was 5.6 percent.

But despite this performance, there has been no structural transformation of Africa's economy and the continent's share of world industrial output remains minimal.

Moreover, the distribution of manufacturing activities in Africa is extremely uneven and industrialization is confined to a few countries. Algeria, Egypt, Morocco, Nigeria, Ivory Coast, Tunisia and Zimbabwe account for 80 percent of the total industrial production of the continent (excluding South Africa), while the remaining 43 countries account for only 20 percent.

The ministers noted with grave concern the industrial sector's failure to constitute an engine of growth and structural transformation for African economies, as envisaged by the Lagos plan. On the contrary, the sector's poor productivity, low rate of employment and high proportion of imported equipment have made it an increasing economic burden.

African industrialization stands at the crossroads. As Adebayo Adedeji, executive secretary of the UN Economic Commission for Africa, put it, a critical assessment of past and present industrial strategies is required.

by Chen Jinjun

DELIBERATIONS ON CHINA'S 2ND REVOLUTION (I)

Choice Based on History and Reality

by Luo Rongxing, Zhu Huaxin and Cao Huanrong*

Soon after the nightmare of the "cultural revolution" (1966-76), the Chinese people are being drawn into the tidal wave of reform. Everything is changing, including people's way of thinking. China, the most populous country in the world, has now begun a new Long March, or "the second revolution" as some people call it. But what road is China following? And where will it lead?

Young Chinese economists and sociologists have addressed these questions by analysing this heroic undertaking, especially its special non-capitalist characteristics, on the basis of world economic development.

One look at this small planet will suffice to show that the division between rich and poor nations is as clear as between land and sea. According to the World Bank's 1984 statistics, there are 72 low- and medium-income countries and regions, inhabited by 3 billion people and with a combined GNP of US\$100 billion; and 19 developed nations with a population of 700 million and a combined GNP of US\$800 billion. Average per-capita income in the rich countries is 33 times that in the poor.

The developing countries are poor primarily because they missed the opportunity for early industrialization. Professor Chen Weishu of the Economics Department at Fudan University in Shanghai says that in the early 17th century when Britain was embarking on its capitalist development. China was plagued by the political strife of the late Ming Dynasty, entangled in wars and barricaded within the walls of its own ban on maritime trade with foreign countries. China was losing pace and becoming vulnerable to attack. Being attacked and

plundered led to China's even greater backwardness.

It was not until after World War II that the third world countries, casting off colonial rule and becoming independent, regained their opportunity for economic growth. However, by that time things were far gone. The developing countries, when they began to take their first steps, were faced with advanced industrial nations which were well beyond the pre-industrialization stages and were absolutely pre-eminent in technology and wealth. Narrowing the yawning gap between the rich and poor countries has become the most difficult question for the developing nations and one of the most troublesome issues at every UN General Assembly session.

Over the last 40 years, more than 100 developing countries have been seeking the way to modernization; no easy matter.

Can the developing countries simply follow the footsteps of the developed nations? The answer of most Chinese young scholars is no. Associate professor Chen Qiwei of the Economics Department at the East China Teacher-Training University says that today the way of *laissez-faire* capitalism is, in the economic sense, no longer practical.

During the 17th and 18th centuries, industries grew from the soil of the natural economy, and entrepreneurs, motivated by profits and restricted by investment risks, were engaged in free competition, giving rise to a market economic order; the government could adopt a *laissez-faire* policy towards them. Thus, the developed countries established their industrialized societies within one to three centuries.

The situation obtaining today is vastly different. Confronted with a fully developed world market, it is impossible for a country which cuts itself off and relies on the spontaneous role of its home market to catch up, let alone surpass the economically advanced countries.

An underdeveloped market and an absence of entrepreneurs in a country require that the government direct economic activity. Given the low national income and the huge investment needed for industrialization, it has no alternative but to take on the responsibility for deploying resources. Moreover, cutting down the course followed by the developed countries over centuries to a relatively short process means radical social change. All this cries out for government leadership and control.

This article, abridged and retitled, first appeared in *Renmin Ribao* (the People's Daily) of October 6 and 7. It will be published in four parts starting this issue.

Government involvement in the economy is inconsistent with the accepted pattern of *laissez-faire*. After World War II, although many developing nations took the European and American economic models as their example, in fact no country succeeded in developing its economy by pursuing *laissez-faire* capitalism. Sooner or later, they have all begun stressing the government's role in economic development, in fact begun taking a new route to development.

When we recall the history of economic development in Britain, France, West Germany, the United States and Japan, we will see that the early stages of their capital accumulation was based on the exploitation of the majority of their own people and plundering their colonies. Britain's enclosure movement, the East India Company's opium trade with China, the slaves trade across the Atlantic and the shipping of Japanese women abroad as prostitutes were all parts of this process. All of it unseemly and not to be emulated.

It was against this historical background that the aptly termed "socialist tidal wave" swept the newly independent states in the third world in the 1950s-70s. Inspired by the successes of the Soviet Union's planned economy and to some extent by the victory of the Chinese revolution, a movement to nationalize foreign and locally owned capital spread across the southern hemisphere, so that in many places the state-owned sector was the leading economic force. Some countries instituted a one-party system, integrating party and government and enforced a highly centralized, often mandatory, planned economy.

On the whole, these imitations did not achieve even the limited successes their models had reaped. A new way was needed. In recent years, some third world countries have practised "de-

nationalization," and have transformed some state-owned enterprises into private undertakings.

Dr. Cao Yuanzheng of the Chinese Economic Structural Reform Research Institute has studied this phenomenon. He believes that administrative mobilization and economic controls at the beginning of industrialization facilitate the most efficient use of limited agricultural surpluses for industry and quickly improve the rate of actual capital accumulation; government organization of investment through mandatory planning improves the rate of return. It was therefore reasonable for many developing countries to choose this method.

However, with the first bursts of economic growth, the defects of a highly centralized administrative economic system become increasingly apparent, holding economic growth down and leading to a low efficiency in state-owned enterprises. This rigid system easily ignores the deficiencies of the legal system, a low cultural level, a scarcity of talent and technology, and the shackles of the traditional concepts of the natural economy, all of which then lead to a series of social problems.

History has proved that in a country where the economic and social structures are still stamped with "pre-capitalist" hallmarks, it will be hard for the government, which is not yet fully developed as an administrative organ, to take on every social function, including that of the entrepreneurs. The de-nationalization movement in these countries is not accidental. History tells us: nationalization is not socialism. The socialist road needs exploration, as does the third world countries' road to development.

It is noteworthy that some developed countries in the West have tried hard to help promote the de-nationalization movement in the developing countries in the hope that it will mean greater economic dependence on the

West. Meanwhile, the developing countries hope to improve their business management and develop their economies. However, can de-nationalization alone lead to economic take-off?

It was true that some poor countries became rich after World War II, the oil-exporting countries being a notable example; but there the cause lay in special natural resources not available to everyone. Furthermore, income derived mainly from selling resources is not modernization per se. Then there are the newly industrialized countries and regions, such as the "four small tigers" in Asia.

Professor Wang Xinkui of the Shanghai Foreign Trade Institute thinks that while it would be useful to study the methods these countries and regions used for their economic development, people should take note of the fact that unique circumstances obtaining there have allowed for their achievements. For example, they are all very small, some consisting of only one city. During the 1960s-70s when the United States and Japan began their industrial structural shift, these four small Asian countries and regions seized that opportunity to establish a labour-intensive exports processing economy. However, with the recent growth of protectionism in the developed countries, there have been very few such opportunities since. Anyway, it is difficult for larger developing countries to follow their example. It is inconceivable that every developing country should become an assembly shop for large industrial countries.

China, which has gone through a great deal over the last century, is the most populous country in the world and the largest developing nation. In order to develop its economy and realize its modernization, it must seek a road suited to its own conditions and to those of the world at large. It is against this background that China has begun its second Long March. ■

Iran-Iraq War and the Gulf Situation

The seven-year Iran-Iraq war is not only causing tremendous losses for the two countries involved, but also threatening peace and stability in the Gulf. Today, there is still no sign of an end to the war. Rather, with the intervention of the superpowers, it is becoming internationalized, a situation naturally raising much concern throughout the world.

by Chen Jiang

The Iran-Iraq war has since its outbreak experienced two major phases.

The first phase was between September 1980 and June 1982. During this period, the war was fought mainly on Iranian soil.

Iraq's initiative in the initial stage of the war forced Iran to take a defensive stance. But the war reached an impasse until finally Iran's counter-attacks swept Iraqi troops out of the country.

The second phase, from July 1982 to the present, saw the principal battlefield in Iraq. The position of the two countries has been reversed: Iran is now on the offensive and Iraq is defensive. Iran has a slight edge over Iraq in ground forces while Iraq enjoys superiority in its weapons power. The war extends from land to sea, but the general pattern of the war and the balance of forces have remained fundamentally unchanged.

The Impact of the War

The war has destroyed the economic positions of both Iran and Iraq, affecting the life of the people in both countries. Moreover, it exerts a direct impact on the Middle East situation.

In the mid-70s, Iran was, next to Saudi Arabia, the second largest oil producer in the Gulf. In 1980, when the war broke out, Iran was just beginning to restore stability to its oil industry after the Islamic

revolution, which overthrew the Shah and put Ayatollah Khomeini in power. Oil output did not reach the pre-war level. The fall of oil prices on the world market and Iraq's attacks on economic targets further affected Iran's oil income. In 1985, the country's oil revenue came to only US\$12 billion, and in 1986 it plummeted to US\$6 billion. But war expenditures kept rising. In 1981-1985, Iran's average annual war expenses amounted to 60 percent of the gross national product. According to foreign news agencies, the war has cost Iran approximately US\$350 billion. As a result, in 1986, Iran registered a US\$16.6 billion budgetary deficit and experienced soaring inflation rates.

The war has also resulted in a huge death toll. It is estimated that Iran's casualties might reach a total of 600,000. The border areas between the two countries, contended by both sides, have been reduced to ruins. Even interior cities and the capital Tehran have sustained heavy damages. Many Iranians have become refugees.

Iraq has also been severely hurt. Before the war, the country enjoyed a US\$37 billion foreign reserve, and per capita income was almost US\$3,000. After seven years of war, however, Iraq's foreign reserve has been drained and the country is now a debtor nation, with a monthly war bill of US\$0.5-1 billion. Iraq has become

the world's largest arms buyer. Between 1981 and 1985 it imported a total of US\$23.9 billion worth of weapons.

Foreign analysts believe that the war has resulted in 400,000 casualties for Iraq, 2.7 percent of the total population. It has also reduced the living standards of the Iraqi people. The government has readjusted the economy and adopted a policy which supports foremost the war and then looks to the needs of the people.

The effects of the war, however, extend beyond Iran and Iraq, endangering the security of other Gulf nations, intensifying conflicts between various forces in the region, and accelerating the division and reorganization of these forces.

1. The impact of the war on other Gulf countries. Saudi Arabia, Oman, Bahrain, Qatar, Kuwait and the United Arab Emirates maintain relatively weaker military forces than Iraq and Iran. They will be the first victims of further escalations in the war. Since the beginning of the conflict, they have strengthened their co-operation through collective defence. They have drastically increased military spending to acquire advanced weapons from the West and build up an effective defence system, and have also conducted joint military manoeuvres to test their reaction in an emergency situation. According to foreign news agencies, Saudi Arabia and Kuwait support

Iraq by providing some US\$40 billion in financial aid and exporting 300,000 barrels of "war-relief oil" a day for Iraq.

In addition, Gulf countries have been faced with plummeting oil prices and the grave threat to the Gulf sea lanes vital to the oil exports of the region. Since the start of the "tanker war" in 1984, more than 360 vessels have been attacked in the Gulf. The insurance fee for oil tankers and commercial ships in the Gulf has consequently soared and Western countries have reduced their oil imports from the region. In 1986, the oil income for the six Gulf countries dwindled by 50 percent—approximately US\$30 billion. Many capital construction projects were cancelled and the number of foreign workers was sharply reduced. In a word, the war has caused serious damage to the economic development of the Gulf countries.

2. The impact on the Arab world. Reorganization of the various political forces in the Middle East usually follows any significant event in the region. The main conflict in the area is the Arab-Israeli conflict. The continuous escalation of the Iran-Iraq war has opened up disputes within the Arab world and weakened the anti-Israeli front. Syria and Libya side with Iran, while other moderate Arab countries support Iraq. The rift which emerged in the Arab world created a situation in which Israel, could increase its aggressive advances in the Middle East. Israel invaded Lebanon, accelerated its annexation of the West Bank of the Jordan River, and concentrated its attacks against the Palestine Liberation Organization.

Superpower Intervention

The war provides an opportunity for the two superpowers to interfere with Gulf affairs, and they have made use of every chance to exert their influence on the region and intensify rivalry in

the Gulf. The involvement of the superpowers has further complicated the Gulf situation and increased the danger of the war becoming internationalized.

The US policy on the Gulf situation centres on its interests in the area: its main focuses are to contain the spread of Soviet influence and to ensure the safety of the oil shipping lanes. For this purpose, the United States, since the beginning of the war, has taken measures to prevent the spread of the war and to consolidate its relations with Gulf nations with a view to strengthening their dependence on Washington. On the other hand, it has been trying to win over Iran, using stick or carrot.

As early as the Nixon era, the United States had formulated the "two poles" policy—supporting Iran and Saudi Arabia in the Gulf. During the Carter administration, the success of the Islamic revolution saw the collapse of one of the poles and US forces were driven out of Iran. Since gaining office, Ronald Reagan has promised never to let Saudi Arabia become another Iran. The outbreak of the Iran-Iraq war constituted a threat to US interests in the region. To protect its interests and prevent Soviet infiltration and the spread of the war, the United States has increased its military presence in the Gulf and its arms sales to the Gulf countries. In October 1980, the United States had a military force of three aircraft carrier combat groups, including 1,800 marines, 200 aircrafts and 37 vessels. The United States also increased its arms sales to Saudi Arabia. Soon after the outbreak of the war, Washington sent four early warning system planes to Saudi Arabia. More advanced weapons such as radar warning systems, jet fighters, refuellers, air-freighters and US-made Stinger missiles were later provided. In addition, more US military personnel were sent to the country.

The Gulf oil shipping lanes are regarded as lifelines for Western economies. The plentiful oil reserves of the Gulf countries are the main source of oil exports for Western Europe, Japan and the United States. Although Western Europe's capacity to meet its own oil needs has increased in recent years, dependence on the Gulf will continue in the long run as Western Europe lacks sufficient oil reserves. A cut-off in Gulf oil supplies could mean that Western Europe would have to look to the Soviets for oil. The United States must therefore safeguard the Gulf at any cost. Former US Secretary of State Alexander Haig said in 1982 that Washington would not stand idly by and warned Iran against extending the war. In 1983 Reagan warned that the "free world" would never allow the closure of the Strait of Holmuz. And in 1984 Reagan declared that if necessary, US military forces would intervene in the Gulf.

However, there is a basic contradiction in the US policy towards the Gulf. While the United States wants to strengthen ties with the Arab nations in the Gulf, it also hopes to come back to Iran.

Iran borders the Soviet Union. Under the Shah's rule, it had always been regarded by Washington as an outpost against the Soviet thrust southward. With the ousting of the Shah, the US traditional influence in Iran was completely destroyed. The Islamic revolutionary regime has pursued a "neither Western nor Eastern" foreign policy, creating a vacuum between the two superpowers. The United States is worried that Moscow might be the first to fill this vacuum.

In 1985 and 1986 the United States secretly sold weapons to Iran in a bid to secure Iranian influence and win the release of US hostages held in Lebanon. In the long term, the United States was using this to pave the way for returning to Iran in the future. However, contradictions inherent

in the Reagan administration's moves not only damaged the president's prestige at home, but also roused the suspicions of US Western allies and the dissatisfaction of the Arab world.

With the escalation of the Iran-Iraq war in the first half of 1987, the Gulf situation has become more tense than ever and the US Gulf policy has toughened. In April 1987 Kuwait requested US escorts for its ships. The Soviet Union first promised to rent Kuwait three oil ships and then sent warships to escort them. This Soviet thrust in the Gulf constituted a threat to US interests. Reagan said he would never allow the Soviets to control the Gulf. Defence Secretary Caspar Weinberger also said the US would not allow the Kremlin to do as it pleased. The United States immediately started escort operations for 11 Kuwaiti oil ships and concentrated a large number of warships, airplanes and military personnel in the area, setting up a joint command with a special task force in the Middle East.

US military strength in the Gulf is far beyond that needed to protect the safe passage of oil tankers. It is its largest concentration of military forces abroad for some years. The US action is aimed at preventing both the Soviet Union from expanding its influence in the Gulf region and Iran from gaining victory in the war. The United States and Iran are now confronting each other in the Gulf.

The entry of US military forces into the Gulf met with tough response from Iran in the form of public statements. Although the United States has worked out various plans to deal with Iran, it cannot evoke military conflicts at random. Due consideration is called for.

The Soviet policy towards the war between Iran and Iraq is relatively flexible. In order to roll back the influence of the United States in this area, the Soviet Union has been trying to penetrate

Iran while maintaining its relations with Iraq.

In the early stage of the war, the Soviet Union withdrew quite a large amount of economic and military assistance from Iraq while making friendly overtures to Iran. Under a treaty of friendship between Iraq and the Soviet Union, Moscow had been Iraq's major arms source before the war. In the late 1970s, Iraq adopted an independent foreign policy and its development of trade relations with Western countries afforded a range of sources for armaments. Its stance against the Soviet invasion of Afghanistan in 1979 enraged Moscow. With the entry of Iraqi troops into Iran in 1980, Moscow exerted political pressure on Iraq in terms of arms supply, and slowed down its economic assistance to Bagdad.

In the meantime, the Soviet Union tried to fill the void left by the United States in Iran. It proposed economic co-operation with Iran and forebore Iran's criticism over the Afghan invasion. It warned Washington not to enter into the war and even served as a go-between for Iran's Islamic revolutionary power and the People's Party. But Iran, wary of Soviet motives, did not give a warm response to Moscow's initiatives.

Since Iraq adopted a defensive strategy in 1982, the Soviet Union has openly supported the country. The shift resulted from the fear that Iraq's failure in the war might damage Soviet economic interests there and hurt its political influence in the Arab world. One other reason is, if Iran wins the war, Islamic fundamentalism may stir the whole Moslem world in the southern part of the Soviet Union. For its part, Iran never softened towards the Soviet Union.

In recent years, the Soviet Union has again become Iraq's No. 1 arms supplier, providing the country with military equipment and ammunition. On the economic front, the Soviet Union and Iraq have signed accords on

trade and technological co-operation. Under a 1984 agreement between the two countries, Moscow provided Iraq with a long-term credit of US\$2 billion, the largest ever granted by the Soviet Union to a Middle East country in the last decade.

However, considering its strategic position, the Soviet Union will never distance itself from Iran. The US withdrawal from Iran released the pressure on the Soviet Union in the south and made its "southward" policy more feasible than ever before. Iran, intent on defeating Iraq, expressed a wish for the Soviets to stop arms supplies to Iraq. Though relations between the two countries deteriorated in 1983 when Tehran outlawed the People's Party and expelled Soviet diplomats, ties were not completely severed. Since 1984, top officials from the two countries have exchanged visits to patch up relations. The Soviet Union has not only sold weapons to Iran through third countries, but also reduced its own oil exports to help maintain oil prices demanded by Iran on the international market.

The Soviet Union began conducting escort operations for Kuwaiti oil tankers in the Gulf in May 1987. Though Moscow sent far fewer warships than Washington to the area, it has exerted more influence in the diplomatic field. It has kept close contact with Iraq, and at the same time strengthened ties with Iran. A Soviet deputy foreign minister even visited Tehran to discuss export of Iranian oil through the Soviet Union. With US confrontation Iran has no other option but to soften its attitude towards the Soviet Union. Moscow's flexible policy on the Iran-Iraq war is a two-edged weapon which is being used to maintain its own position and force a withdrawal of US military forces from the region.

It is obvious that the tense situation in the Gulf is the result of both the Iran-Iraq war and the competition of the two superpowers. The superpower military

presence in the guise of escort operations in the Gulf will complicate the situation and increase the threat to world peace.

Ineffective Mediation

The Iran-Iraq war has roused grave concern in all countries of the world. Many countries and international organizations including the United Nations issued constant appeals to both sides for a ceasefire but to no avail. The failure of these efforts may be put down to the following reasons.

1. The outbreak of the Iran-Iraq war was the result of national contradictions, religious differences, territorial disputes, problems carried down through history and differences between the two governments. The long-drawn war has only served to increase these conflicts, making an armistice agreement satisfying both parties difficult if not impossible.

2. The two sides have widely disparate armistice conditions. Iraq's main aim is to occupy disputed territory. In the early stages of the war, after Iraq had entered Iran, its conditions were that Iran respect Iraqi territorial sovereignty, not interfere in Iraqi internal affairs, uphold a good-neighbour policy and return the islands Abu Musa, and big and small Tunb to the Arab countries. Iran's initial conditions were that Iraq unconditionally and totally withdraw its troops from Iran and compensate for the war losses, and that the aggressor in the conflict be decided by an international tribunal. In 1982, Iran won victory in its counter attacks on native land. With the withdrawal of Iraqi troops, the Iranian armistice conditions changed. It stated that Iraqi President Saddam Hussain should leave office and that Iraq pay compensation of US\$150 billion and that it will repatriate more than 100,000 Iraqi refugees expelled into Iran.

In October of the same year, Iraq issued a statement agreeing to

the withdrawal of its troops to the recognized international border stipulated in the Algiers Agreement in 1975. But Iran did not accept. It thought that Iraq was forced to reaccept the agreement only after its failure in the two-year war. On March 27, 1985, Iran's deputy foreign minister talked about the three conditions to end the war, demanding that Iraq pay US\$350 billion in compensation. In February 1986, in a telegram to the UN secretary-general, the Iranian foreign minister, besides asking for compensation and punishment for President Saddam Hussain, also demanded that the ruling Iraqi Arab Baath Socialist Party leave office. Although impatient for conciliation, Iraq indicated it could not accept Iran's terms. President Saddam Hussain has repeatedly indicated that Iraq has no other choice but to insist on fighting.

3. Although the war has resulted in heavy losses for both sides in terms of finances, material resources and manpower, Iran and Iraq possess the capacity to overcome these difficulties. Despite the reduction of its oil exports year after year, Iran can continue to fight for a long time because it has at its call a vast territory, large population, sufficient troop supplies and a strong

religious appeal. Iraq's population is only one-third that of Iran's, and Iraq is heavily in debt. However, it has the economic support of Arab countries and advanced weapons from the Soviet Union and France. Iraq has maintained a superior air force and weaponry and has adopted more effective defensive measures. Neither can completely defeat the other in military terms, nor will they easily yield or make concessions.

Iran and Iraq are neighbours, both developing countries belonging to the Islamic world and members of the non-aligned states. The historic mission now facing the two countries is for each to build their own homelands, to develop their national economies and to raise the living standards of people of all their nationalities. The end of the war and imminent peace with a just and reasonable settlement are not only the urgent need of Iran and Iraq, but also the sincere desire of all countries and people who support world peace. Successful mediations of the UN secretary-general and implementation of the Security Council Resolution 598 are looked to as a means to bring an early end to the Iran-Iraq war. This will contribute to the happiness of the people of both Iran and Iraq, to the stability of the Gulf, and to peace in the world. ■

Just Off the Press

'Taiwan Issue: Its History & Resolution'

Taiwan has long been part of China. However, since the founding of the People's Republic in 1949, it has been isolated from the mainland, and the problem of Taiwan has become one of world concern.

How did the Taiwan problem arise? How will it be resolved? What are the prospects of China's peaceful reunification?

This booklet attempts to answer these questions.

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TRAVELOGUE

Open Policy and Cultural Ferment (II)

by Duan Liancheng

Earlier in this series, the author described the impact of foreign cultures on remote and mountainous areas. Back in the cities, he sees economic and then cultural exchanges with the outside world gaining momentum. They have wrought dramatic changes in a short time.

From Scenic Mt. Huangshan and the sacred Buddhist mountain Jiuhua, I came to Wuhu, a bustling commercial centre on the lower Yangtze in Anhui Province. Prior to the open policy, only a small number of foreigners came to Anhui though it is not far from Shanghai. Last year, there were 82,000 overseas visitors, including many business people.

Anhui has established sister-state relations with Maryland, in the United States, and Niedersachsen, in Federal Germany. Wuhu and other Anhui cities have contracted similar relations with a number of Japanese cities, with Bujumbura, the capital of Burundi, and Freetown, the capital of Sierra Leone.

In Wuhu I met the city's four "big businessmen"—the Party secretary of a glassworks exporting thermos flasks to the Soviet Union and Southeast Asia; the Party secretary of the "iron-painting" works who claims to have met personally 6,000 visitors from overseas ("iron-painting" is a unique Wuhu craft which uses black iron to reproduce, often with amazing aesthetic effect, traditional Chinese paintings); the veteran director of a down clothes factory; and the young vice-director of a mini-motor plant.

These leading Wuhu entrepreneurs seemed to have undergone a "cultural metamorphosis" from the sort of Chinese factory leaders

I used to know. Their speech was no longer laden with political catch-phrases. Instead they would reel out facts and figures. They are much more open, too, and complained about decisions made by higher-ups. They are thriving multi-million businesses, but they remain wage-earners. They dress casually and their manners are not much different from the ordinary man in the street.

A new generation of "socialist entrepreneurs" is arising in China with the reform and the open policy. I hope they will achieve a combination of modern big-business expertise with indigenous "small-person" attitudes, and not become a managerial elite.

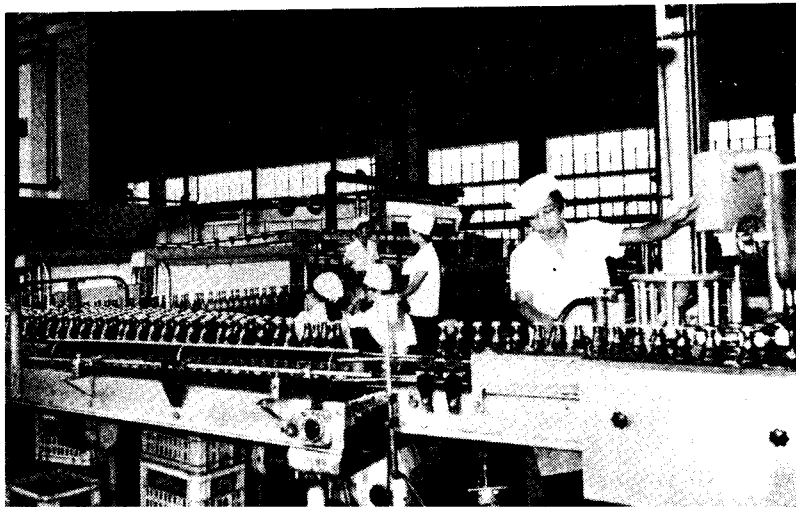
The "big businessmen" invited

me to see some of their workshops. They seemed to know many of the workers personally. I was struck by the high proportion of young women in the workforce. Even those who were required to wear work clothes tried to beautify themselves with light make-up, a pair of earrings or a bright collar turned over their tunic. The effect is much more pleasing than the ubiquitous grey, especially in a place of work.

The quest for beauty and diversity appears to be an irresistible trend everywhere in the country. It is a welcome phenomenon, but presents the problem of how to accommodate it, given the necessity of keeping China's traditional frugal ways.

A production line of the famous Tsingtao Beer.

CHEN ZONGLIE



From Wuhu I went to Nanjing, capital of Jiangsu Province. This major city has entered into extensive economic and cultural relations with foreign countries. The busy Jinling International Hotel, a high-rise at the very centre of the city, is evidence of Nanjing's growing cosmopolitanism.

Nanjing University and Johns Hopkins University have jointly set up a "center for Chinese and American studies." I had come to discuss the syllabus of a course I had been invited to teach there.

The centre's curriculum is an indication of the deepening of inter-cultural communications. It includes courses such as "Mao Zedong's Political Thought" and "History of the Chinese Cultural Revolution" taught by Chinese professors to American students; and "US policies Towards China Since 1945" and "Problems in Contemporary American Society" taught by American professors to Chinese students. Such highly controversial topics, if they had been brought up ten years ago, would very probably have turned into verbal battlegrounds.

The centre is of course placed in a Chinese setting. But inside its brand new building, the interiors are American. Two students, one Chinese and one American, share a room to allow for greater contact. Conflicts inevitably arise, Americans like to have their rooms warm and the windows open, and the Chinese want the opposite. With luck a compromise is reached—have the windows open in the daytime and shut at night. "It's a cultural confluence," a student joked. If such confluences were a feature of larger issues worldwide, "live and let live" and mutual respect would not pose such problems.

Back in Beijing I was struck by the international nature of so much activity. As an editor-publisher, I attended a seminar on journalism in Third World countries held with UNESCO

help. Delegates from 15 countries spent a week swapping information and ideas. The gathering was a small affair compared with the meeting of the UN World Food Council (30 countries) and the Third World Advertising Congress (close to 1,000 participants from 52 countries) which took place at about the same time in the city.

Every evening Beijing viewers watched Premier Zhao Ziyang tour the long-estranged East European socialist countries on their televisions. More tourists were around than the summer before. I often had the pleasure of meeting friends or friends of friends visiting China on tours or business. This was a far cry from

A New Generation of "Socialist Entrepreneurs" Is Arising in China. They Will Combine Modern Big-Business Expertise With Indigenous Small-Person Attitudes.

the Beijing of a decade ago when foreign visitors often joked that they felt like pandas attracting curious crowds.

And this was just a beginning. Chinese leaders were repeatedly telling visiting foreign dignitaries that the country was determined to pursue the open policy more boldly. Deng Xiaoping, in his newly published book *Fundamental Issues in Present-Day China* (available in English) stresses: "China's past backwardness was due to its closed-door policy... we suffered from this and so did our forefathers." In the process of opening up, he adds, "negative effects are inevitable, but we can deal with them."

QINGDAO: Beer Flows to the US, Bean Paste Goes to Japan, and Fridges Win International Bids.

In Qingdao (Tsingtao), a port city in Shandong Province, I had the opportunity of seeing the more tangible aspects of the open policy—international trade and joint ventures. Qingdao is one of the "14 open coastal cities."

A brief explanation of some terms may be in order here. First, "open areas." These are the places foreigners with a valid visa or resident permit can visit without prior application. Now numbering 452, these places are dispersed across the country, and include many inland areas. The other parts of the country are also accessible to foreign visitors but they have to go through application formalities.

For economic purposes, a multi-tier structure has been set up with varying degrees of autonomy given to different localities. The first tier comprises the four special economic zones (SEZ) established in 1980—Shenzhen, Zhuhai and Shantou (Swatow) in Guangdong Province, and Xiamen (Amoy) in Fujian Province. Hainan, China's second largest island after Taiwan, is about to be declared a special economic zone. The second tier is the 14 open coastal cities declared such in 1984. They are, from north to south: Dalian (Dairen), Qingdao, Tianjin, Yantai (Chefoo), Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou (Canton), Zhangjiang and Beihai. The third tier comprises the Yangtze delta, the Pearl River delta and the Xiamen-Zhangzhou-Quanzhou triangle of river deltas in Fujian Province.

The rest of the country is also being encouraged to develop external economic relations. In fact an increasing number of Sino-foreign joint ventures, co-operative undertakings and solely

foreign-owned businesses are being set up all across the country with Beijing at the forefront.

During my stay in Qingdao, news came that the Qingdao-Liebherr refrigerator makers, a local company, had beaten Western and Japanese competitors in an international bid and won a sizeable order from the UN World Health Organization. The event became the talk of the town as if the local football team had won a cup. The fridge factory, I was told, started on a shoestring a few years before. Its speedy success was largely due to a mercenary but happy "marriage" with Liebherr, a Federal German firm. The Qingdao-Sharp twin-tub washing machine is a similar success story. The city's camera makers are enlisting the help of Agfa.

The test of the pudding is in the eating and people are pleased with the results of the open policy, primarily with the availability of household appliances. To spend half of every Sunday laundering is no fun and watching the Olympic Games on television is every family's joy. A few figures may help to understand the public mood. In 1978, the year before the open policy, China produced 400 washing machines, 28,000 refrigerators and 517,000 black-and-white televisions—for a population of some 200 million families. In 1986 there were 8.99 million washing machines, 2.24 million refrigerators and 14.47 million televisions including 4.01 million colour sets made. The latest reports claim that television viewing has extended to 68.4 percent of the nation's one billion people as 90 million Chinese families now own a television.

Introduction of foreign technology has played an indispensable part in the boom. China, a nation capable of independently making nuclear weapons and launching recoverable satellites, can certainly learn to make sophisticated consumer durables. But why start from scratch when

international expertise and resources can be drawn upon? Besides, the open policy has changed people's outlook on many things, including patterns of consumption. In the old puritan days there were few families who would have risked being branded followers of Western bourgeois ways of life by buying such fancy goods, even if they could have afforded to.

The Test of the Pudding Is in the Eating and People Are Pleased With the Results of the Open Policy. To Spend Every Sunday Laundering Is No Fun; Watching the Olympic Games on TV Is Every Family's Joy.

Qingdao's exports are growing apace. Last winter when I visited the United States I was glad to find "Tsingtao beer" available in practically all Chinese restaurants

and some big American hotels, too. Twenty-four million cans were sold in America last year, Qingdao people told me.

From 1984 (when the city was declared open) to mid-1987, according to local officials, 419 contracts for foreign investments or technological transfers were signed involving a total of US\$516 million. Joint ventures are proliferating. Existing textile and light industrial plants are eager to update their obsolete equipment and vie with each other to find foreign partners. One example is a joint undertaking with a Japanese firm. The Qingdao region has plentiful supply of agricultural produce, including red beans much loved by the Japanese in their pastries. The joint venture making red bean paste for the Japanese market has been doing very well. Certainly not all foreign-funded plants are of the mash-making type. High-tech is making an entry too, but best leave the technical details to the technicians.

Meanwhile, Qingdao still hopes to quicken the pace of growth. However, there appear to be many hindrances to a faster inflow of

Spinning workshop at the Qingdao No. 1 Textile Mill.

CHEN ZONGLIE





Antequated-looking wooden clocks produced in Yantai.

CHEN ZONGLIE

foreign funds. On the Chinese side, there are problems of incomplete legislation, inadequate infrastructure, lack of experience, bureaucracy, and so on. But earnest efforts are being made, in Qingdao as elsewhere, to improve the investment environment.

Obstacles exist on the other side, too. For obvious ideological and historical reasons, foreign businesses are very careful in their dealings with China. As Richard Robinson, a friend and former MIT professor of international management, observed:

The Chinese are accustomed to living with abrupt changes, and they have little idea of how sensitive foreign business is to rapid changes in the rules of the game. The Chinese may know that they will not breach contracts so as to bring ruin to foreign firms, but the foreign firms do not. Their experience in China is

too short. A learning process is going on for both sides. (East Asian Executive Reports, March 1987)

The Washington-based National Council on US-China Trade published a major report last May, saying that foreign companies in China are adopting "a bridge-head strategy." They go in with a small investment because "they have decided that the risks of staying out are greater than going in." Roger Sullivan, the council's president, said:

From the stories in the press, you get the impression that everybody is ready to pack up and go home, which is not true. What really happens is that problems with the investment climate are not driving anybody out, but keeping the size of the business small. When the climate improves, believe me, you will see an explosion of

investment there.

I tend to share Mr. Sullivan's optimism. According to a survey made public last July of the 3,000 businesses involving foreign investment that have started operation (out of a total of 8,000 already contracted and approved), the great majority are doing well. I am convinced that the capital will come wherever there is a profit to be made.

YANTAI (Chefoo): "You Could Call This Place a Gold Coast. Its Door Is Open Wide."

Going north across the Shandong peninsula by train, I came to another port city Yantai, formerly known as Chefoo. It is a summer resort, and was refreshingly cool. The first thing that struck me was a huge grandfather clock standing in the hotel lobby — a sample of a famous Yantai export product, antequated-looking, wood-encased timepieces. Chefoo red wine, fresh prawns and scallops were served at dinner, all export products much in demand.

Local public relations officers briefed me on the growth of the city's foreign trade and economic relations. The International Wine Bureau had just named Yantai an international wine city (another one being Avignon in southern France). An African country had ordered a batch of Yantai's Tricycle-brand padlocks for the ballot boxes of its presidential election. A silk weaving mill, jointly run with an Italian business which considered long and hard before taking the plunge, was doing very well. A large textile mill had improved beyond recognition by learning from the Swedish, Italian and American technicians who came to help install imported equipment.

My hosts' relish at recounting these episodes was evidence of Yantai's eagerness to open up and receive foreign help in realizing local potential. All with good reason. The city, which has a large coastal area under its jurisdiction, produces one-tenth of China's

seafood (one-third of the prawns), one-sixth of the peanuts, one-fifth of the apples, and also a quarter of the country's gold. "Yantai is literally a gold coast waiting to be dug," one of my hosts said. "But it's not well known. Last year we received only 20,000 overseas visitors and business people. For our part we are throwing our doors wide open in welcome."

By June this year Yantai had signed 395 contracts for overseas funds, equipment and technical know-how involving US\$300 million. I was shown round Yantai's "economic and technological development zone." Many "open coastal cities" are building such zones where a better infrastructure and environment for foreign investment is being supplied. The Yantai ETDZ is a one-square-kilometre pilot project. There are as yet only a few buildings there. The zone manager hastened to explain that "we have buried 100 million yuan underground" — meaning the net-

work of water and gas pipes, power and telephone cables, sewers and waste water treatment systems.

The first joint venture in the zone is a small plant making extra-strength screws. The manager was all smiles as he told me that overseas orders were piling up and he was recommending to the mainland-Hong Kong joint board an urgent expansion of the factory. Workers were happy and making good money, and the manager himself told me he was earning 300 yuan a month, much more than the leader of a state-owned enterprise. It was not easy money though. He recalled that when the plant was first commissioned, orders were few and small. He had difficulty paying the minimum wages. "I was worried almost to death and considered drowning myself in the sea when things were at their worst." How was the company turned round? The manager gave me an account of streamlining

staffing, tightening discipline, improving salesmanship, standard Hong Kong methods that sounded quite capitalistic.

The open policy is bringing not only new equipment and techniques, but also new management and, indeed, a new attitude to life and work. The "iron armchairs" of the managers (who muddle on regardless of how badly their public-owned business is doing) and the "iron rice-bowls" for the rank-and-filers (who get their usual pay envelopes however bad their performance) are being cracked. A more competitive and demanding life is replacing the former laid-back ways. But the screw-plant manager, who used to have an "iron armchair" in a state-owned enterprise, said he had no regrets since he believed the new ways could bring quicker prosperity to the nation and himself. "Socialism doesn't mean poverty. Dawdling is not the socialist way of work," he said.

(To be continued.)

China Fights Bureaucracy in Earnest

by Our Staff Correspondent Li Ning

Deng Xiaoping, chairman of the CPC Central Advisory Commission, recently called for firm action against bureaucracy which has been a persistent problem. In his 1980 speech entitled "On the Reform of the System of Party and State Leadership," (see *Beijing Review* No. 32, 1986) Deng said, "Bureaucracy remains a major widespread problem in the political life of our Party and state. It causes great harm and "has reached intolerable dimensions both in our domestic affairs and in our contact with other countries."

In recent months, China has intensified the struggle against bureaucracy in various fields to pave the way for the reform of the political structure.

Major Cases of Negligence

The devastating forest fire in the

Greater Hinggan Mountains in Heilongjiang Province last May reduced 1 million hectares of forest and property to ashes, killed 193 people and wounded 223 others. Investigation revealed that the fire was caused by a wood man's cigarette and his use of a scrub-cutting machine in violation of the rules. The root cause, however, lies in confused management, lax discipline and debilitating bureaucracy. Forestry Minister Yang Zhong and Vice-Minister Dong Zhiyong, who were responsible for the fire, were removed from their posts. Their dismissal sounded an alarm for bureaucrats and had wide repercussions in Party and government organizations. Public opinion was behind the determined curbing of bureaucracy.

In early July, gold, silver,

jewelry and silver dollar of great value were stolen from a treasury in Harbin. As a result, Bi Fengpeng, director of the Harbin branch of the People's Bank of China, and Wang Shan, deputy director, were dismissed for serious dereliction of duty.

On August 16, Chen Shide, deputy manager of the Chongqing Natural Gas Company, was removed, and Kou Qingxi, the manager, was given a serious warning, for their responsibility in an accident in which leaking gas burned away for 165 days, causing a loss of 2.18 million cubic metres of gas.

In late August Yuan Caizhi, manager of the Wuhan Changjiang Shipping Company, Jiang Yibing, acting director of the Nantong Communications

Bureau, and his deputy Guo Baosen, were all dismissed for their responsibility for an accident in which ships collided in Nantong on May 8. In this accident, which could have been averted had the rules been followed, 105 people died, nine others are still missing, and 900,000 yuan's worth of damage was done.

Political Restructuring

Deng maintains that the root cause of bureaucracy in China is the high centralization of power. Delegation of power to lower levels, separation of Party and government functions and a clear division of responsibility will solve the problem.

Since the early 1980s, enterprises with decision-making powers have become relatively independent economic entities, and higher organs who have tried to hold on to their powers have been ordered to disband. Under the new enterprise leadership system, the factory director (manager) assumes full responsibility for the enterprise's work and is no longer under the leadership of the Party committee.

These reforms help overcome bureaucracy in economic work. The question of how properly to divide the duties between the Party and government at the top level and how to streamline the administrative structure to improve efficiency will not have clear answers until after the 13th National Congress of the Communist Party is held this month.

Legal System Needed

The forest fire in the Greater Hinggan Mountains has evoked discussion and criticism of bureaucracy throughout the nation. Many feel that with bureaucrats who have violated the criminal law, it will not do simply to dismiss them. They must be

punished according to law. Others call for a forceful set of administrative laws and regulations.

Professor Gong Xiangrui of the law department of Beijing University says, "Power must be subject to supervision, otherwise, corruption is bound to take place. This is an iron law in the science of politics. The least developed and specialized section of China's power structure is its regulating forces. This is the cause of bureaucracy, law breaking, bad discipline and all official misconduct. Therefore, it is necessary to enact a set of administrative laws to limit and protect power."

China is drafting a set of administrative laws and has drawn up a Law on Government Functionaries. The State Supervisory Ministry, which has already been re-established, and the administration judicial courts, which are being set up throughout the country as required by the Supreme People's Court, are seen in legal circles as means to eliminate bureaucracy and enhance democracy, and the legal system.

Some of the courts of Tianjin and the provinces of Guangdong, Liaoning, Henan, Guizhou and Shaanxi have already begun handling cases concerning violations of administrative rules. Professor Gong and three post-graduates are on a study tour in Nanjing, Shanghai, Guangzhou and Shenzhen to look at administration cases at the people's courts, administration judgments of the people's governments and the way urban management is being brought within the framework of the law. It is expected that the guidelines for the basic administrative law will soon be worked out.

Improving Work Style

Drawing lessons from the mistakes of the Forestry

Ministry's leaders, many state organizations have adopted measures to improve their work styles and overcome bureaucracy.

Through criticism and self-criticism, leaders of the State Economic Commission have strengthened their sense of responsibility and improved coordination between departments.

The State Planning Commission has devoted great efforts to solving the problem of official documents being passed around without being dealt with and the dilatory style of work.

Railway Minister Ding Guangen said that the railway departments also face the problem of confused management and lax discipline. So he and three vice-ministers led four work teams to various railway bureaus to check up on work there and stress the need to solve safety problem.

Last April some members of the National Committee of the CPPCC criticized the management of China's airline CAAC and made many suggestions for its improvement. Thereafter CAAC began to tackle the problems at Beijing Airport in earnest. Now the quality of service and the "punctuality rate" have both improved.

Policy mistakes due to bureaucracy in government organizations have caused enormous losses to the state and the people and so their prevention merits greater attention. An example of the seriousness of the matter was the key water conservancy project planned for the Changjiang (Yangtze) River's Three Gorges, which caused much controversy. Having heard the different views, the Party Central Committee and the State Council decided to establish a board of specialists to study the pros and cons of the project, stating clearly that only after full, scientific studies are made and a consensus reached will the policy decision be made. ■

China's Booming Rural Industry

"NONGMIN RIBAO"

(Farmers' Daily)

China's rural industry has developed rapidly as a result of reforms. Its total output value in 1986 surpassed that of agriculture for the first time, and township- and village-run enterprises have become the mainstay of the rural economy. This is a major achievement in both the readjustment of the rural economic structure and the development of industrialization and agricultural modernization with Chinese characteristics.

For many years, the relations between workers and farmers and between town and countryside were strained because China carried out a policy of developing industry in urban areas and agriculture in rural areas. The entire rural labour force had to till the land. As the population in the countryside grew, the per-capita area under cultivation dropped and farmers' incomes increased slowly. The Third Plenary Session of the 11th Central Committee of the Communist Party of China in December 1978 brought a favourable change for farmers. It ended the constraints against rural industry and against farmers becoming workers, and opened the door to township- and village-run enterprises.

The reform has achieved good results. Rural industries recruit a large labour force, create job opportunities for surplus labourers in the countryside, and solve the problem of the flow of rural population into urban areas. In recent years, the development of township- and village-run enterprises has led to the establishment of many small, new-type towns, which are a practical means to gradually narrow the gap between town and countryside and between workers and farmers. At the same time, the township- and village-run enterprises can

accumulate funds for the development of agriculture.

The development of these enterprises has given an impetus to the overall development of rural economy. They have adopted many measures to support agriculture — especially grain production — and to strengthen the material base for a diversified rural economy. Township- and village-run enterprises have become the main means of raising the income of rural areas.

Experience has proved that it is impossible to make rural areas prosperous without industry. Even people who are wary about township- and village-run enterprises have to admit this point. Moreover, rural enterprises lead farmers to broaden their horizons so that thousands upon thousands of talented businessmen and managers emerge. These people are crucial to the modernization of agriculture.

The rapid development of township- and village-run enterprises impels the state-run enterprises, especially the big urban factories, to reform their structure. It also draws the attention of state-run enterprises to the vast rural market. Through economic co-operation, today's urban and rural industries help and encourage each other and develop simultaneously.

Although rural industries play an important role in China's national economy, they also face problems, such as outdated technologies and equipment, low standards of management, a marked drop in economic efficiency, shortages of energy and funds, and increased competition. Only by deepening the reform can these problems be resolved.

External conditions should encourage township- and village-run enterprises. The financial organs should take further steps to reform tax policy to prevent the

tendency for the state to take more money from them. Various kinds of unreasonable burdens on the township- and village-run enterprises should be lightened and the whole society should support them. Moreover, the outdated management methods practised in state-run enterprises before reforms should not be introduced in the township- and village-run enterprises, and the departments concerned should not use the need for "upgrading" and "transition" as pretexts for changing the nature of the township- and village-run enterprises. In short, only by adopting correct policies and giving rural industries greater power to make decisions can township- and village-run enterprises continue to develop with vigour.

(July 31, 1987)

Most Women Support Reform

"ZHONGGUO FUNU BAO"

(Chinese Women's News)

An urban opinion poll conducted by the Shanghai Municipal Government Statistical Bureau revealed that a majority of women maintain a favorable attitude towards economic reform.

Of the 1,0505 questionnaires returned, 3,492 were from women. The questions were directed to various areas of concern such as "the prospect of reform," "attitude on wage reform" and "most pressing problems."

With regard to economic reform in the urban area, the view of 65 percent of women was that "reform is imperative and must be sped up." Another 16.8 percent felt that the situation is too complicated and must be dealt with much more cautiously. Only 8.2 percent either thought it better to carry out reform on a limited scale or preferred the structure of the 1950's.

About 53 percent of women responded optimistically to the

prospect of reform and believed that it will overcome existing difficulties; 2.9 percent were less confident and the remainder were undecided.

The open policy of recent years only met with complaints from 5.4 percent of the women who felt that "it has gone too far."

The investigation revealed that women are on the whole less adaptable than men to the reform. On the issue of equal pay with the same educational level and work experience performing the same duties, 33.4 percent saw variations in salary as acceptable within a differential of no more than 10 yuan. Only 8 percent supported the concept of equal pay. As to wage reform, only 33.2 percent of women, far below the average, demanded that pay and efficiency be interlinked. However more women considered it fair to determine salaries according to educational level.

(August 3)

China Constructs Six Expressways

"JIANSHE BAO"

(Construction News)

China is currently in the process of constructing six expressways:

1. The roadbed for the Shanghai-Jiading Expressway, a 20.4-kilometre, four-lane motorway, is basically ready.

2. Xinzhuang-Songjiang Expressway in Shanghai will cover 20.6 kilometres and have four lanes. Work on the roadbed started last year.

3. Construction on the 20-kilometre-long Xian-Lintong Expressway began in June this year. The project is planned to be completed within 30 months.

4. The Hengsha-Xiebian section of the Guangzhou-Foshan Expressway entered its construction phase last December. The

expressway will be 15.7 kilometres long and 26 metres wide.

5. The ring expressway in Guangzhou city will be 58 kilometres long; work on the road began in February this year.

6. The 110 kilometre Hefei-Xige Highway will be built into an expressway. The road is designed for a speed limit of 120 kilometres per hour. Work has already begun and is expected to be completed in 1990.

Preparation is also under way for another three expressways:

1. Construction of the Beijing-Tianjin-Tanggu Expressway will begin late this year. The main highway connecting Beijing and Tianjin will be 143 kilometres long with a 26-metre-wide roadbed. The four-lane expressway will also have overpasses and other communication schemes and service institutions. The whole project will be completed over five phases, each open to foreign bids: the three divided sections of the highway (Beijing, Hebei and Tianjin), the four-kilometre long flyovers in Tianjin and the service institutions.

2. The southern section (Humen-Shenzhen) of the Guangzhou-Shenzhen Expressway will cover 43.5 kilometres.

3. The 280-kilometre Shanghai-Nanjing Expressway, from Shanghai through Suzhou, Wuxi, Changzhou to Nanjing will be jointly constructed by Zhejiang Province and a Japanese company. Operations this year will mainly be concentrated on investigation, design and feasibility studies.

(August 25)

College Students Seek Well-Paid Jobs

"JIEFANG RIBAO"

(Liberation Daily)

In recent years, universities and colleges in Shanghai have

adopted a new method of giving jobs to graduating students—a list of employers is made available and graduates fill out an application to work for whom they wish.

In the past, graduates tended to seek jobs in institutions of higher learning and scientific research institutes, as well as jobs suited to their special training. But this year's graduating students were different. Many turned their eyes to the departments with the best pay and working conditions, or units with a good supply of housing or organizations involved in foreign affairs. They were not interested in jobs suited to their special training.

According to a survey in some universities, graduates are most interested in working for Sino-foreign ventures and hotels.

Two psychological motivations seem to be behind the choice. One is materialism. A graduate said his first consideration in seeking a job was finding a unit where he could get housing when he gets married. The other is the tendency to follow the general trend. For instance, a student who planned to do research work plunged into the competition when many students entered their names to work in a unit involved in foreign affairs.

Views vary on this change in students' outlook on occupations. Some sociologists say it is the result of declining respect for academic pursuits and represents a social problem. Others consider it an inevitable result of talent exchange in a commodity economy.

(August 1, 1987)



'Chinese Acupuncture and Moxibustion'

Chief editor: Cheng Xinnong, Vice-president of China Acupuncture and Moxibustion Association

Written by Professors Wang Xuetai and Deng Liangyue

Checked by Chen Youbeng, deputy director of the Administrative Bureau of Traditional Chinese Medicine, Ministry of Public Health, and vice-president of China Acupuncture and Moxibustion Association, and by world-renowned acupuncturists, Huang Xiangming, Yang Jiasan and Li Seng.

The English edition of *Chinese Acupuncture and Moxibustion*, compiled by three International Acupuncture Training Centres and the Acupuncture Institute of China, the Academy of Traditional Chinese Medicine, on commission of the Ministry of Public Health, is to be published by Foreign Languages Press in November 1987 in advance of the International Acupuncture Conference in Beijing.

The science of acupuncture and moxibustion is an important component of traditional Chinese medicine for the prevention and treatment of diseases. This therapy has been accepted by the general population for thousands of years. Since the founding of the People's Republic of China in 1949, the Chinese Communist Party and the People's Government have attached great importance to the research on acupuncture and moxibustion. They have thus developed greatly and are highly regarded by the international academic community.

With the aim of helping and serving the rest of the world through this valuable science, the World Health Organization en-

trusted the People's Republic of China with the task of establishing an International Acupuncture Training Centre each in Beijing, Shanghai and Nanjing, which have sponsored 60 training courses and trained thousands of acupuncturists from all over the world, using *Essentials of Chinese Acupuncture* as their textbook. Upon returning to their home countries, these students applied what they had learnt to their own practice to good effect. However, they felt they still lacked sufficient know-how and clinical experience. Many practitioners were not satisfied with their understanding of the basic theories and sought more detailed knowledge. In response to their wishes, the Ministry of Public Health is sponsoring an advanced research course to enhance their knowledge. *Chinese Acupuncture and Moxibustion* will be the textbook for the advanced course.

Based upon *Essentials of Chinese Acupuncture*, this book incorporates the rich experience of class teaching and clinical practice plus the results of acupuncture research, retaining the characteristic features of the traditional theory of acupuncture and stressing the integration of theory and practice. This book of over 450,000 words includes 18 chapters, two appendices and over 150 illustrations. Chapter 1 is a brief introduction to the origin and development of acupuncture; Chapters 2 to 4 expound systematically the basic theories of *yin-yang*, the five elements, *zang-fu*, *qi*, blood and body fluids; Chapters 5 to 10 elaborate the 12 regular meridians, eight extraordinary meridians, divergent meridians, 15 collaterals, 12 tendon muscles, 12 subcutaneous regions, the points of the 14 meridians and extra points;

Chapters 11 and 12 dwell on etiology, pathogenesis and diagnosis, particularly pulse and tongue diagnosis, which are peculiar to traditional Chinese medicine; Chapter 13 covers differentiations, including differentiation to the eight principles, to the theory of *qi* and blood, to the meridians and collaterals, to *zang-fu* organs and according to the theory of the six meridians; Chapters 14 and 15 deal with the techniques of application, including clinical routines and procedures and commonly used techniques of insertion, with reference to some records in *Internal Classics*; Chapter 16 is a general introduction to treatment, including the general principles, methods and point prescriptions and the application of specific points; Chapters 17 and 18 specify the treatment of 63 diseases within the areas of internal medicine, gynecology, pediatrics, surgery and otorhinolaryngology. The appendices are about ear acupuncture and acupuncture anaesthesia.

Chinese Acupuncture and Moxibustion is the most comprehensive and authoritative book ever written on Chinese acupuncture and moxibustion, since it was compiled by a group of world-renowned acupuncturists with rich teaching and practical experience.

by Peihua



Beijing Sets Up Travel Service Centres

For Moniko Knipstrom, a tourist from Finland, travelling in China on her own is much more interesting than in a group. "I am free, and can budget my own time and go wherever I please," she says. Her sentiments are shared by many foreign tourists in China. Moniko is staying in the Qiaoyuan Hotel, a low-class hotel on the southern edge of Beijing proper. She shares a dormitory room with nearly 20 others, each paying eight yuan a night. A double room costs 36 yuan a day and the cheapest Chinese dinner only five yuan for two dishes and a soup. According to Li Baojin, the manager of the hotel, all his rooms have been occupied every day of the busy seasons since 1984.

Manager Liang, who works for the China International Travel Service (CITS) and is in charge of receiving tourists travelling alone, says that most tourists come to China in groups but the proportion of tourists coming by themselves is increasing at an average annual rate of 15 percent.

In addition to the Qiaoyuan Hotel, four other low-class hotels in southeast Beijing—the Tiantan (Temple of Heaven), Leyou, Jinghua and Guanghua hotels—have since last year made rooms available to tourists coming on their own.

A number of medium- and high-class hotels which usually receive tourist groups also accept independent travellers. They include the Great Wall, Beijing-Toronto, Yanxiang, Lido, Huadu, Jianguo, Kunlun and Zhaolong hotels. Still, the supply falls short of the demand.

Zhang Zhongjie, of the CITS Beijing Branch, says two travel service centres will be built early next year in the Beijing Airport lounge and in the International Hotel near the Beijing Railway Station to provide information for

English, Japanese and Cantonese speaking tourists. The centres will also find guides and taxis, book tickets and rooms, and provide other services.

An official from the State General Administration for Travel and Tourism says that similar service centres will also be built in nine other cities—Guilin, Xian, Shanghai, Guangzhou, Hangzhou, Nanjing, Chengdu, Kunming and Dalian. At present China has difficulties receiving large numbers of independent tourists. They will find problems booking aeroplane and train tickets and finding low-class hotels in busy travel seasons. The official urges those on small budgets not to come in May, September and October. ■

Hong Kong Disabled People in Beijing

There is a Chinese saying which claims that one cannot be a man until one has reached the Great Wall. Early last month 21 disabled people from Hong Kong made the climb.

Hosted by the Beijing Travel Service Bureau, the group consisted of two blind men, two deaf men and 17 maimed or paralysed people. Nine of them are confined to wheelchairs. The hosts sent 20 people along to help them.

Most of these tourists have never been to Beijing before and were charmed by the magnificent historical and cultural sites in the city. Liu Chang who is blind was permitted to touch the white marble sculptures on the Monument to the People's Heroes and was reluctant to leave. The group also visited a school for deaf-mutes, some welfare undertakings for disabled people, and a club for disabled people in Beijing. They

had get-togethers with disabled people in the city.

Deng Pufang, president of the board of directors of the China Disabled Welfare Fund, says that disabled people should travel. It can help widen their horizons, enrich their lives and gain the same social standing as able-bodied people. At present the travel facilities for disabled people in China are inadequate and need to be improved.

by Yang Xiaobin

Tiananmen Rostrum Open to Tourists

Next year overseas tourists to Beijing will be able to climb onto the Tiananmen Rostrum.

Located in the centre of the city, the Tiananmen Gate Tower is part of the Forbidden City. To its south is the Tiananmen Square, one of the biggest squares in the world. Since the founding of the People's Republic of China in 1949 the gate tower has been the centre for important assemblies and celebration activities. It has been closed to the public for more than 30 years and seems solemn and mysterious to the Chinese people.

Bo Xicheng, director of the Beijing Travel Service Bureau, says that on the Tiananmen Rostrum tourists will see seats in lounges used by Mao Zedong, Zhou Enlai and other late state leaders, watch video films of important historical events involving the rostrum and buy souvenirs.

Based on massive stone coated in red and topped by an imposing wooden edifice with a double-eaved yellow-tile roof, the gate serves as the outer entrance to the Imperial Palace (Forbidden City). It has five archways. The central one was used exclusively by the emperor while the others were reserved for royalty and nobles.

by Han Guojian

China Repairs Ships For Other Countries

In the first eight months of this year, China repaired 202 foreign ships, the value of repairs being 119.6 percent more than the same period last year. Although the international shipping industry has hit bad times China has kept up the growth in this industry for six years.

Since 1982, China has imported advanced dry-dock repair equipment, and this has greatly improved China's skill and technology in removing rust, painting, testing, dismantling propellers, and repairing components and parts. The quality of the repairs is up to international standards. The repair time has been cut from nine days to five days, and this has made China's ship repair industry more competitive.

In international bidding, China's chances of winning have increased from 50 percent in 1986 to 70 percent this year. Now, the repair of individual ships has given way to mass repair operations and individual repairs have developed into long-term repair contracts.

In the past, foreign ships used to be repaired in Chinese ports only if they were here already, but now ships are coming from abroad specifically for the purpose. China used only to repair ships built in the 1960s, but now it can fix those built in the 1980s too.

To date, China has established ship repair links with over 20 countries and regions in Asia, Europe, America and Latin-America, and over 30 maintenance service centres with factories in Switzerland, the United States, Federal Germany and Singapore.

At present, China has over ten shipyards able to repair foreign ships. They include the Dalian Shipyard in Liaoning Province, the Xingang Shipyard in Tianjin, the Beihai Shipyard in Qingdao,

the Guangzhou Shipyard in Guangdong Province, and Jiangnan, Hudong and Zhonghua shipyards in Shanghai.

Xiantao Expands Its Exports

Xiantao is a newly developed city 200 kilometres west of Wuhan city in Hubei Province. Although its population is only one-tenth of Wuhan's total, Xiantao leads the province in exports. Last year Xiantao earned foreign exchange worth US\$35 million. In the first four months of this year the city purchased 52.22 million yuan worth of goods for export, a 21 percent increase from the same period last year.

The city exports 86 types of goods, such as flax and cotton yarn, garments, cotton, pigs, fresh eggs, salted eggs and health products, to more than 30 countries and regions in Europe, North America and Southeast Asia.

The Xiantao General Textile Mill is one of the key textile

enterprises in the province. In the last few years the factory has developed flax-cotton blends by using the area's rich resources of raw materials. Exports of these products quickly increased to meet the large demand on the world market. The factory produces one-third of the province's total exports of flax-cotton yarn. It plans to import 20 computer-controlled jacquard knitting machines through compensatory trade in order to improve the composition of export products and increase its ability to earn foreign exchange.

Xiantao is located in the Jiangnan Plain and abounds in farm and sideline products. The *Jiuzhu* preserved eggs produced by the Xiantao Egg Processing Factory are well received by its customers. A Hong Kong businessman once ordered 300,000 preserved eggs, and an American client wished to buy all the factory's products. Last year the factory exported 8.48 million preserved eggs, a 53.5 percent increase over the previous year.

by Han Baocheng

A township factory in suburban Xiantao processing leather straps for export.



Lanzhou Imports Chemical Facilities

A 80,000 ton-capacity cracking furnace project using advanced technology and key equipment imported from the American M.W. Kellogg Co. by the Lanzhou Chemical Industry Corp. will go into operation in November this year.

According to Peng Zhechun, the company's manager, the investment in its technical upgrading between 1986 and 1990 will total 800 million yuan (about US\$215 million), most of which will be used to bring in foreign technical patents and key equipment. These projects include linear low density polyethylene, acrylonitrile monomer, SAN resin and railroad tank-car production lines, as well as the equipment for upgrading a chemical fibre mill.

Peng says his company has already signed an agreement for a 60,000-ton capacity linear low density polyethylene making project with BP Chemicals of Britain which should be ready by May 1990. His company also concluded an agreement last November for upgrading an

acrylonitrile monomer project with the American Sohio Co. Another two projects for a railroad tank-car production line and the re-equipment of the chemical fibre mill are being discussed with business representatives from Switzerland, Federal Germany and Japan. A number of other projects are being prepared.

The Lanzhou Chemical Industry Corp., one of the 156 key projects built in China during the First Five-Year Plan period (1953-58), was completed in 1958. Over the last 30 years, it has imported many units including oil distillation and ABS resin making units which have improved its performance at home and on the world market. At present, the company is able to produce 107 kinds of chemical products including chemical fertilizers, rubber, plastics, synthetic fibres and polymer additives with a total annual output of about 1 million tons. Some products, including methanol, styrene-butadiene rubbers, ABS resin and anti-oxidants, have been exported to Japan, the Philippines, Thailand, Pakistan, Bangladesh, France and the United States, earning US\$28 million.

The Lanzhou company is expected to bring in more advanced technology and key equipment, including a 300,000 ton-capacity ethylene project, during the Eighth Five-Year Plan period (1991-95).

by Yao Jianguo

Snuff-Bottles Auctioned in US

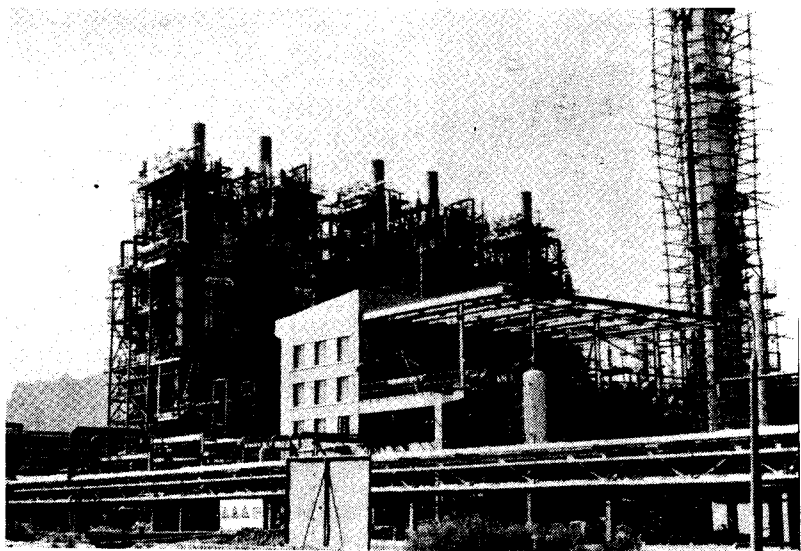
The set of snuff-bottles bearing the portraits of the 40 American presidents, exhibited by China's Hebei Province in the United States between May 27 and June, were to be auctioned in that country. Painted by Wang Xisan, a specialist in decorating the interiors of snuff-bottles, these pure crystal bottles immediately attracted the attention of American viewers with their exquisite lifelike designs. To date they have attracted an offer of US\$4 million.

Painting the insides of snuff-bottles is a traditional Chinese art demanding consummate skill. The bottles, once a luxury for ancient Chinese emperors, fetch enormous prices and even today make a most valuable gift. Four schools in the art are classified according to their location in Beijing, Hebei, Shandong and south of the Five Ridges (the area covering Guangdong and Guangxi). Wang Xisan, founder of the distinguished Hebei school, is now chairman of the China Snuff-Bottle Association and director of the world association. It took him two and a half years to paint these 40 snuff-bottles.

Wang Xisan and his assistants are reportedly planning to paint the portraits of the wives of the 40 American presidents and of the 30 founding Chinese emperors in another two sets of snuff-bottles.

Cracking furnace project under construction.

YAO JIANGUO



East and West Meet in Dreams

Everyone has dreams which they cherish. *The China Dream*, performed by the Shanghai People's Art Theatre, is about many different dreams, on both sides of the Pacific Ocean.

The heroine's mother, a returned overseas Chinese from the United States, is persecuted to death with her husband during the "cultural revolution." Ming Ming, the heroine, although a little girl at that time, suffers terribly. She begins to cherish a dream of America. After the downfall of the "gang of four," she becomes an actress and later goes to the United States to join her grandfather, hoping to further her artistic career. Her hopes shattered, she opens a restaurant. The business is a success despite keen competition.

John is a young American lawyer with a Ph.D. in ancient Chinese philosophy. He takes to Taoism, the theory of the Chinese philosophers Lao Zi and Zhuang Zi, out of his disillusionment with social reality during the Vietnamese War. He renames

himself Hao Zhiqiang, a popular Chinese name meaning "powerful will." He and the heroine meet one day. They feel somehow familiar, but find it hard to understand each other. She, from China, struggles to better herself while he, from the United States, dreams of Zhuang Zi's life philosophy of being carefree and shunning the corrupt society. Ming Ming dreams of her birthplace where she has her first love and goes rafting with her lover. The lover, who is now dead, dreams of building dams and reservoirs. Ming Ming sees clear streams, swift bamboo rafts and once-beautiful mountains and rivers now polluted by industrialization. The process of industrialization has resulted in a polluted environment and uneven ecological development. If this continues, what will happen to human beings? Will the simple lifestyle, the colour of national culture and the primitive scenery survive? *The China Dream* leaves the audience much to ponder over.

The play's authors, Sun Huizhu

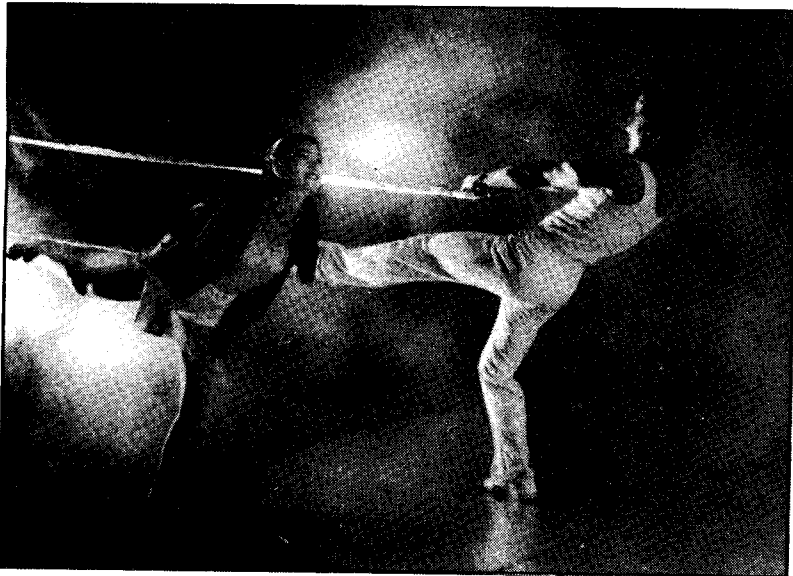
and Fei Chunfang, went to study in the United States two years ago. Fully aware of the collision of the two cultures, they were able to depict precisely the psychology of their characters and reveal the differences and mutual understanding among them. The people in the play find it easier to search for an ideal environment and way of survival than to understand and sympathize with each other. The Chinese cherish dreams of America and Japan, while the Americans and Japanese cherish the China dream. This is a worldwide motif. All people and nations long to shake off the yoke of their own drawbacks and gain more freedom. Cultural communication and mutual dependence among nations is a natural tendency of human development.

The major success of the play can be mainly attributed to the directing of Huang Zuolin, one of China's most influential stage directors. Huang, who is over 80 years old, was the first director to put on Brecht's plays in the early 1960s. His comparison between the theories of acting of Brecht, Stanislavsky and the Beijing opera master Mei Lanfang made a notable impact on Chinese drama. He coined the term *xieyi* drama, meaning roughly to go beyond time and space, to replace the overall dominance of *xieshi* drama, which tends to faithfully mirror reality. Huang, who is opposed to decorating the stage with sets and props, has always insisted on developing a dramatic art with Chinese characteristics through using both true-to-life acting and some traditional methods common in traditional operas. But various circumstances prevented him from putting his theories into practice. He finally succeeds with *The China Dream*, one of the most important examples of recent dramatic innovations in China.

The play distinguishes itself in the way it depicts the relationship between dream and reality. Only two performers are involved—a

Act 4: Mark takes Ming Ming for a drive.





Act 8: John and Ming Ming on water-skis.

Shanghai People's Art Theatre

man and a woman. The man plays five roles. To move between dream, reality and the five roles, the actor simply adjusts his tone, facial expressions, gestures and style of clothes.

The play makes free use of time and space. The stage set consists mainly of a round platform at the centre of the stage. It is the performers' acting that indicates the existence of an American rowing club, a cinema, a Chinese restaurant, a bar and the mountainous area where Ming Ming was born. Stylized and symbolic dance movements creates a sense of wider space. In Act II, for instance, the actress uses dance movements to show Ming Ming going rafting with her lover in her birthplace. In Act IV, the actor uses vocal mimicry to show the audience that Ming Ming and an American friend, Mark, get into a car, start off, drive, stop and get out. Artistic means are also used to suggest the passage of time they spend on their way to the cinema. In Act II, the lights are turned on and off suddenly to suggest that time has elapsed, just like the frequent changes of shots in films. Similar treatment of time and space sometimes occurs in

traditional Chinese operas and therefore it is easily accepted by the Chinese audience.

The play employs many other dramatic devices to enhance its power of expression. For instance, in Act III, Ming Ming plays a monodrama in which she greets several invisible people, shaking hands and embracing them. Pantomime is used to express the emotions of those involved in embracing. In Act II, a magic trick is used to produce a red ember symbolizing the characters making a fire. All these methods add colour to the play and amaze the audience by showing the tremendous expressive ability of dramatic art.

Huang regards the play as an attempt at "the primary stage of *xieyi* drama." We expect him to continue his experiment to promote the reform of drama in China.

by Gao Yang

China and Canada Hunt Dinosaurs

A one-metre-wide, 0.6-metre-high dinosaur fossil has been found completely intact in the

Jiangjunmiao Desert. The fossil—the cervical vertebra of a sauropod dinosaur—was discovered by a Sino-Canadian team which is looking for dinosaur remains in the Junggar Basin of the Xinjiang Uygur Autonomous Region.

The Sino-Canadian project, which involves about 30 palaeontologists, is one of the largest international co-operative efforts in the history of dinosaur expeditions.

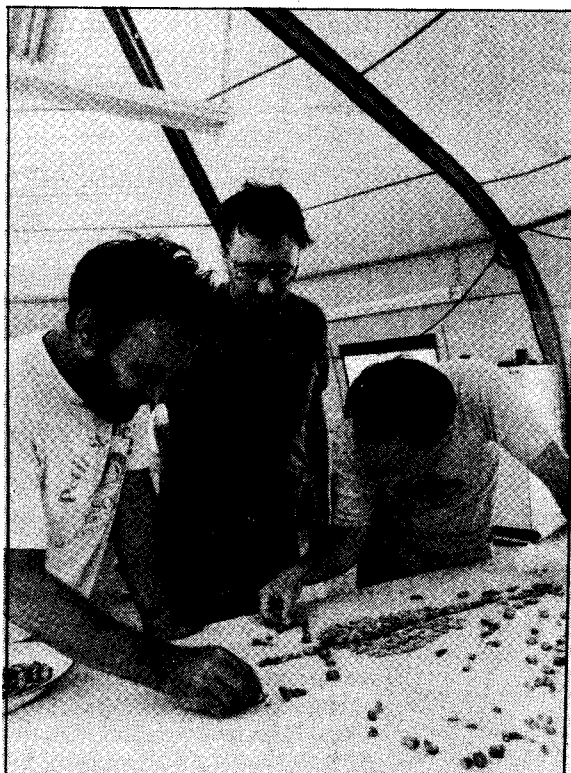
Sauropods, which lived during the Jurassic period of the Mesozoic Era about 140,000,000 years ago, were among the world's biggest dinosaurs.

China has extensive continental deposits from the Mesozoic Era, a geological age that dates back 265,000,000 years. The evolution of dinosaurs and reptiles reached its peak in this period, and palaeontologists from around the world have focused their attention on it.

Most of the Junggar Basin is a desert covering continental deposits from the Jurassic and the Cretaceous periods. They contain large numbers of dinosaur and other palaeovertebrate fossils.

The Sino-Canadian team has unearthed many valuable fossils from the Jiangjunmiao Desert. In addition to sauropod and theropod dinosaur fossils and chelonia (turtle) fossils, the group has also dug up crocodile fossils from the middle Jurassic period, which are the first of their kind ever found in China. These precious fossils are expected to be transported to Beijing for study. Dong Zhiming, the team leader, said they are bound to lead to many major discoveries.

China and Canada, which are on opposite sides of the earth, are among the countries with the largest number of dinosaur fossils. Canada has more deposits from the Cretaceous period and its dinosaur fossils reflect a later period of development. China also has rich deposits from the earlier Jurassic period. Scientists from



SHAO XIAOCHUAN

Canadian scientists put the fossil jigsaw together.



SHAO XIAOCHUAN

Team member examines new finds.

the two countries agreed to cooperate to explore the origin and extinction of dinosaurs.

Under the agreement, the team will take two or three years to hunt fossils of dinosaurs and other palaeovertebrates in the two countries, and try to answer a series of outstanding questions about dinosaurs' natural environ-

ment in the different periods and about the origin, evolution and migration of dinosaurs, as well as their global distribution.

The project has been well received in international academic circles and has the support of the Chinese government. The Canadian Ex Terra Foundation provided some of the financial

assistance.

The expedition team is made up of palaeontologists from the Palaeovertebrate and Palaeoanthropology Institute under the Chinese Academy of Sciences, and Canada's National Museum of Natural Science and Tyrrell Museum of Palaeontology.

by Shao Xiaochuan

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ART PAGE

Dai Changzhou, born in Zhengzhou, Henan Province in 1954, works at the Hubei Academy of Fine Arts.

He uses clay to create simple and peculiarly shaped pottery ornaments for wall decoration.



A little girl with flower.

Pottery Wall Ornaments



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Frog.



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