

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

北京周報

Vol. 30, No. 49 December 7-13, 1987

## Superpower Disarmament Prospects Li Peng — China's New Acting Premier





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*by Wu Yuanliu*

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COVER: New Acting Premier Li Peng.  
LI Ping

## HIGHLIGHTS OF THE WEEK

### Overcoming Ossified Thinking a Major Task

■ According to Zhao Ziyang's report to the 13th Party Congress, eliminating hidebound thinking is a major, long-term task. Both the deadweight of the force of habit and the interference of active "leftism" must be overcome. Doing so will help ensure the building of socialism with Chinese characteristics (p. 4).

### The INF Pact and US-Soviet Rivalry

■ Although an INF agreement between Moscow and Washington is at hand, people should not be too optimistic about the prospects for US-Soviet arms control talks, a Chinese analyst suggests in an in-depth article. Ye Ruan reviews the achievements and problems of the disarmament talks in the past year and examines the short- and long-term outlook for future negotiations (p. 14).

### Arab Unity Strengthened

■ In recent weeks, 10 Arab countries have restored diplomatic relations with Egypt. This will strengthen the forces of the Arab world and safeguard the interests of the Palestinians and the Arab people as a whole (p. 11).

### A Baby Conglomerate in Shenzhen

■ The Shenzhen Joint Corp., a nonferrous metals dealer with 25 subsidiaries in the Shenzhen Special Economic Zone, has followed the three watchwords of service, reputation and efficiency to a point where it is now planning to turn itself into an international conglomerate and a major world corporation before 1997 (p. 21).

Published every Monday by

BEIJING REVIEW

24 Baiwanzhuang Road,

Beijing 100037

The People's Republic of China

General Editorial Office Tel: 893860

English Dept Tel: 831.5599 Ext. 546

Distributed by China International Book

Trading Corporation (GUOJI SHUDIAN)

P.O. Box 399, Beijing, China

Subscription rates (1 year):

Australia

A.\$24.00

New Zealand

NZ.\$33.00

UK

£13.00

USA

US\$24.00

Canada

Can.\$23.00

# Overcoming Ossified Thinking a Major Task

by Dai Yannian

In his report to the 13th Party Congress, Party General Secretary Zhao Ziyang said that eliminating the interference and influence of two erroneous tendencies—hidebound thinking and bourgeois liberalization, will last throughout the primary stage of socialism. Overcoming ossified thinking is a major, long-term task, said Zhao. How should one understand this important thesis?

China's socialism has its own characteristics. It is not the socialism built on a highly developed capitalist economy envisaged by the founders of Marxism. China was a semi-feudal, semi-colonial country, backward economically and culturally. Therefore, it must go through a very long primary stage of socialism.

During this period—about 100 years extending from the 1950s to the middle of next century—China will realize the industrialization and commercialization, socialization and modernization of production that many other countries achieved under capitalism. It must also implement the policies of reform and opening up, adopted on the basis of China's actual conditions, and facilitating the development of the productive forces. Ossified thinking is characterized by an inadequate understanding of China's reality and a dogmatic adherence to the model of socialism grown out of a fully developed capitalism envisaged in classical works.

Since the founding of the People's Republic in 1949, the "left" deviationist tendency has persisted, wreaking great damage and exerting a wide-ranging influence.

In the first seven years after liberation, the development of China's revolution and construction was sound and smooth. The

national economy, damaged by war, was quickly restored and developed and the socialist transformation of the private ownership of the means of production was basically completed, laying the ground for the socialist system. However, from 1957, "left" mistakes became apparent. The struggle launched in that year against bourgeois rightists, though necessary, was horribly magnified. In 1958 rash attempts were made to boost the economy, ignoring the actual conditions and the objective law. The "great leap forward" and the establishment of the people's communes were launched in an attempt to develop the economy "super-quickly," but the result was destructive.

These "leftist" mistakes, plus the natural disasters of 1959-61 led to retardation of production and suffering for the people. The economy, after being readjusted, began to pick up in 1962 and gradually returned to its original level. But ideologically, the problem had not been solved.

Soon afterwards, the slogan "take class struggle as the key link" was advanced and developing the productive forces was made secondary. In 1966 the ultra-left "cultural revolution" was launched, causing decade-long chaos. Policies which promoted production and improved living standards were criticized as "capitalist" and were replaced by erroneous policies which were supposedly very revolutionary but actually were divorced from China's reality. Many veteran cadres were persecuted. This catastrophe brought the national economy to the brink of collapse.

After the Third Plenary Session of the 11th Party Central Committee in 1978, the "left" mistakes were corrected. The

line—building socialism with Chinese characteristics—and the policies of reform and opening up were carried out.

Over the last nine years, remarkable achievements have been made in socialist construction, but this has not been accomplished without interference. There are people who worry that developing a commodity economy and non-publicly owned sectors and implementing the open policy will lead to capitalism. They doubt the correctness of the policies of reform and opening up. Clearly the influence of "leftism," though much diminished, is a long-term problem.

China is now undergoing comprehensive reform. The economic structural reform needs to be deepened and political restructuring will be carried out in all fields. Anything that is ossified will be eliminated. In the process of doing so, however, it is not only active "leftism" but also the force of habit which must be challenged.

The new system, though good, is unfamiliar and is unavoidably imperfect to begin with. The old structure has many defects, but since it has been used for many years, people are accustomed to it. Old habits constrict many people to varying degrees.

From the above analysis, we therefore come to the conclusion that the main task, from the beginning of reform to the point where the new system has been put together, will be overcoming the interference and influence of ossified thinking.

The exponents of bourgeois liberalization argue that since China has not gone through the stage of a developed capitalism, it cannot practise socialism and it needs to promote capitalism for a number of years before it can build socialism. They deny the historical

fact that the capitalist road is impractical in China and that socialism has become the country's reality. Some called for "wholesale Westernization." This erroneous idea, once spread unchecked, was repudiated by the Party and the people and was thus astringent. However, because China is still in the primary stage of socialism, it has not been able to exhibit socialism's superiority to its full extent: China's productivity and people's living standards lag behind those of the developed countries. Since it will take a very long time to change this situation, the bourgeois liberalizationist tendencies will persist and will have some following. This erroneous thinking is also very harmful.

When we say that eliminating the interference and influence of ossified thinking and bourgeois liberalization will continue throughout the primary stage of socialism, we do not mean that there are many people who oppose China's current line and policies or that China's future is uncertain. On the contrary, China's socialist construction, reform and opening up have all progressed rather smoothly since 1978.

The overwhelming majority of the Chinese people support the building of socialism with Chinese characteristics. They support socialism and favour reform and openness. Some people have one-sided views, others have different opinions on some specific issues, but they are not opposed to reform and socialism, because the current line, principles and policies embody the fundamental interests of the people at large. There is only a small minority of people who stick to the ossified model, oppose reform and opening up or advocate bourgeois liberalization.

The 13th Party Congress' call for overcoming the interference and influence of the erroneous ideas helps heighten Chinese people's vigilance and ensure the building of socialism with Chinese characteristics. ■

## Li Peng Named Acting Premier

The 23rd meeting of the Sixth National People's Congress (NPC) Standing Committee approved Zhao Ziyang's request to resign from the premiership and his suggestion that Vice-Premier Li Peng be the acting premier.

According to the resolution, passed on the last day of the November 12-24 meeting, Li Peng will exercise the powers of the premier and lead the work of the State Council until the First Session of the Seventh NPC.

Zhao applied to President Li Xiannian to resign from the premiership on November 14, after he was appointed general secretary at the First Plenary Session of the 13th CPC Central Committee. Zhao also suggested to President Li that Vice-Premier Li Peng become acting premier. Li submitted Zhao's application to the NPC Standing Committee for discussion and a vote.

On examination, members of the NPC Standing Committee concluded that Zhao's resignation from the premiership conforms to the principle of separating the functions of the Party and the government and will help him concentrate on his work as Party

general secretary. They also considered Li Peng to be suitable for the position of acting premier.

Li, 59, has served as vice-premier and a member of the Leading Group Under the Party Central Committee in Charge of Finance and the Economy since 1983, and was appointed as minister in charge of the State Education Commission in 1985.

Li attended the closing session of the NPC Standing Committee meeting and expressed his thanks for the trust shown in him.

"During my term as the acting premier," he said, "I will firmly and faithfully implement the basic line laid down by the Party's 13th National Congress, adhere to the Four Cardinal Principles (socialist road, Communist Party leadership, people's democratic dictatorship and Marxism, Leninism and Mao Zedong Thought), and persist in the reform and the open policy together with other members of the State Council."

He said he will maintain the domestic political situation of stability and unity, continue to pursue the country's independent foreign policy and push forward

**Peng Zhen, Chairman of the NPC Standing Committee, congratulates Li Peng (right) on his becoming acting premier.**

CUI BAOLIN



China's socialist modernization drive.

Speaking on the country's current situation, he said the economy will be further stabilized and the reforms will be extended. Preparations will be made for the institutional reform of government organs, and earnest efforts will be made to develop education, science and technology, and culture.

"We have many tasks to accomplish, and we must be bold and careful in carrying out the work step by step," Li said.

He praised Zhao for his major contribution to the country's reforms and opening to the outside world as well as its economic development. ■

## Li Peng Meets Siemens Visitors

In conducting technological co-operation with foreign countries China will seek equality and mutual benefit, technological transfer, and the maintenance of a balance of foreign exchange. The statement was made by China's newly appointed Acting Premier Li Peng at a meeting with Karlheinz Kaske, chairman of the board of directors of Siemens AG of Federal Germany.

In October 1985, a memorandum of comprehensive co-operation was signed between China's machinery, electric and electronic industries and the Federal German company, and a bilateral co-ordinating committee was set up. Kaske and his party came to China to attend a special meeting of the committee scheduled for November 29 and 30 in Beijing.

Li said that the Chinese government attaches great importance to the memorandum of co-operation and hopes the joint efforts of the two sides will be fruitful.

He said he thought Kaske's visit would promote the bilateral co-operation.

Kaske said that since the signing of the memorandum the two sides have discussed many projects and some agreements have been signed. He added that the memorandum has laid a good foundation for co-operation.

The two sides are discussing a number of big technological co-operation projects, Kaske said, and he briefed the Chinese leader on the negotiations.

Li said the talks are being conducted in a good atmosphere and that he hoped they would come to a successful conclusion. Kaske said that his colleagues are sparing no efforts to make the negotiations a success, stressing that Siemens is willing to conduct long-term, systematic and comprehensive co-operation with China.

During the meeting, Li also briefed the guests on China's reform and open policy and on the recent 13th National Congress of the Communist Party of China. He said opening to the outside world is aimed at introducing advanced technology and management experience from other countries and importing foreign funds in a suitable way. He said that China will ask for technological transfer instead of simply purchasing equipment and fittings.

Li said China and Federal Germany enjoy good co-operative relations. Federal Germany is China's biggest trading partner in Western Europe. The two countries have had some important co-operative projects, Li said. ■

## Measures Aim to Cut Poverty

China is taking new steps to help the country's poorest areas get on the road to prosperity before 1993.

The move is part of an ambitious programme to shake off poverty in the poor regions of Dingxi and Hexi in Gansu Province and Xihaiqu in the Ningxia Hui Autonomous Region, that was launched in 1983. The measures will further accelerate the construction of farmland irrigation projects, speed up the development of the service trades and move surplus labour out of drought-ridden regions. Also planned are major personnel training programmes, the use of advanced technology and large-scale afforestation.

The state considers the three areas, with 47 counties and districts and a combined population of over 11 million, as priority development regions. The government has since 1983 allocated them more than 1 billion yuan (US\$270 million) in special financial aid.

Of the funds spent so far, 47 percent have gone for farmland water conservation projects, 21 percent for afforestation and animal husbandry programmes, 10 percent for energy projects, 8.4 percent to popularize the use of technology and the rest for improving rural enterprises, reclaiming wasteland and relocating people.

During the past five years, the annual average rise in the output value of agriculture in these regions was 10 percent. For grain production the figure was 5.2 percent; for animal husbandry, forestry and fruit production it was more than 20 percent; and for rural enterprises and the service trades more than 50 percent.

In the places that have plenty of water, the most important task is to build irrigation projects. In the past five years, the amount of irrigated land has increased by 61,000 hectares in the three regions. People in dry and mountainous areas that cannot support agriculture or industry should leave those areas for more productive ones. The export of labour from these areas is

encouraged, and 540,000 people have already gone to other places to work.

One goal for the people in these regions is an annual income of more than 300 yuan per person. They should also be guaranteed enough food, water and clothing.

Meanwhile, the State Council has called on local authorities across China to do more to make sure families living below poverty line have adequate food and clothing before 1990.

In a circular on promoting economic development in China's poverty areas released nationwide on November 13, the State Council urged various provinces, municipalities and autonomous regions to adopt effective measures for that purpose. Although China has made great progress in improving the living standards of its people, many of them still live in poor conditions.

Statistics show that about 200 counties, or 10 percent of the nation's total, are rated as poverty areas, where the annual income of rural families is below 200 yuan per person. They are mostly located in mountainous and border regions and some places inhabited by minority nationalities.

Through restructuring and reform, social welfare in rural China has basically made the fundamental transition from merely giving relief to helping promote economic development. Development is proceeding rapidly with remarkable results, the circular said.

The most pressing problems in this regard are that development has been uneven in different regions and the benefits of social welfare projects have not yet reached individual households. To improve the work, local governments should first help develop the commodity economy by making full use of local resources.

One of the measures China plans to adopt is to train 2,000 cadres for the country's 300 major, poor counties during the rest of

this year and in early 1988. Similar training at the grass-roots level will be carried out by provinces, prefectures and counties.

In 1988, the government will allocate funds for reducing poverty to provinces and autonomous regions according to the number of people they have living below poverty line. The money will go to the local governments, which will allocate it to counties that can make good use of it. Those counties which have made full use of the money and achieve good economic results will be given more.

Other measures include placing more emphasis on basic education and improving labour quality. The circular also encourages talented people from other parts of China to work on development projects in these areas on a contract basis, and urges government offices to assist with the programmes. ■

## Business Owners See Bright Future

At the 13th Party Congress held recently in Beijing, some honest and diligent private businesspeople were praised. This pleased proprietors of private factories, restaurants and taxi companies, as well as individual traders.

Ma Yuan, the director of a printing materials factory in the Chaoyang District of Beijing, said he feels more secure than before. "The policy of the 13th Party Congress gives me more confidence in running my factory," Ma said.

Ma used to be a cadre responsible for conducting negotiations and signing contracts with foreigners in a trading company in Shijiazhuang, Hebei Province. In 1982, after seeing one of his foreign counterparts from a Federal German company make a fortune in China in only four years, he could no longer stand his job.

"We started from the same line," said Ma, "but he was running much faster than I was. I didn't accept this and so I thought I should do something to change the situation. That's why I left my job and struck out on my own."

Today Ma employs 11 workers in his factory, which turns out an annual output worth 100,000 yuan (about US\$27,000). Optimistic about the future, he plans to expand, and also hopes to establish a joint venture with a foreign company.

Zhao Hong, a private minibus driver in Beijing, is also an enterprising person. Until six years ago, he was a quiet, ordinary worker at the Dongcheng Medical Equipment Producing Factory. But when the government started to permit private businesses, he resigned and bought a minibus with the money he borrowed from a bank. Looking back, Zhao said, "I made the right decision when I left the state-run factory. I was not good at dealing with person-to-person relationships, which is, I think, the key to working in a collective unit. With my bus, I do everything on my own, I don't have the old frustrations, but only my work, to which I totally devote my time and energy."

Zhao is enthusiastic about the results of the Party Congress. "The current trend in China is to open wider to the outside world and to enliven the economy. I think the government is really wise to persist in its policy."

The ongoing economic structural reform is like a tide nobody can stop, Zhao said. Confident of this, he has always felt secure about running a private business.

But after years of making money, Zhao feels dissatisfied with his situation. "I want to do something great," he said, adding that he plans to buy a piece of land on Hainan Island, which will become a province soon.

Other private businesspeople are concerned about some of the reform policies, especially the price reform policy elaborated at



The owner of the Xinglong private restaurant, located in the Xuanwu district of Beijing, serves primary school pupils who come every day for lunch.

the congress. Sang Cheng, a private clothing stand owner, did not hide his worries. He said, "I'm afraid that when prices go up, people's buying power will be undermined, which will eventually affect my business."

On his stand hung blouses, shirts, sweaters and trousers, which normally costs less than 40 yuan each. "Nowadays," Sang said, "many clothes cost more than 100 yuan. These sell very slowly because to buy such expensive clothes is really a big thing to common people."

According to statistics, people give priority to buying food. When the price of food goes up, people will have less money to spend on clothes. Sang only hopes that there will be no sharp increase in prices.

by Yang Guohua

## Beijing Fetes Senior Citizens

Beijing's first senior citizens' festival seems to have been a hit. The event took place in Longtan Park and the Beijing Amusement Park in the southeast-

ern part of the city for three days in late October.

Despite the chilly and windy weather, hundreds of thousands of senior citizens took part in the activities and enjoyed entertainment including song and dance performances, acrobatics and Beijing opera. The wide range of activities included *qigong* (Chinese deep-breathing exercises), fishing, chess playing, hill climbing and kite flying. Typical local snacks were available, as well as medical consultation services. There were also stands selling clothes.

"Since our retirement we stopped taking part in social activities. We always stayed at home, doing the housework and occasionally taking a walk. Life was rather dull. Now we realize that there are many other things available to old people, and we can find out what we need to know through consulting services," one couple said. "We no longer need to worry about our future days."

In the Beijing Amusement Park, many elderly people had their first experience of some modern entertainment facilities. They seemed to summon up all their vigour with the aim of totally

enjoying themselves. Some were content with the leisurely Water Parade boatride; some braved the more adventurous amusements such as Sea Panic Adventure.

"Visiting the park gives me an idea of the pleasures that young people can now enjoy. With the development of entertainment in China, not only the young but also we elderly people can enjoy ourselves," said Chang Kui, 79, a retired army officer.

Healthy and strong, Chang's looks belie his age. He is still busy as an afterschool instructor in six schools in the Nanyuan area, south of Beijing. He believes that the way to maintain good health in old age is to keep mentally active, to exercise and perform manual labour.

"The aged can't always stay at home, immersed in past memories. They should be active in social activities," he said. "The contribution of senior citizens to the revolutionary cause should not be forgotten. Their rich experiences are valuable to today's youth, and through organized activities they can maintain contact with the rest of the community."

Another elderly man said, "The activities are necessary because they indicate the government's concern for the aged and encourage people to respect old people." For him, the festival itself was not important. What was important was that such an event would increase social awareness and make people pay more attention to the aged.

The festival was organized by the China National Committee on Ageing, the Beijing Municipal Bureau of Civil Administration and the People's government of Chongwen District. It aimed to promote respect for the elderly, and interest and support for their cause.

Beijing has 929,000 people over the age of 60. To serve them, the city government has set up 300 retirement communities, 1,405 activity centres, 14 colleges for the elderly, 44 matchmaking centres



and 31 specialized hospitals.

The Old Cadres' Association of the State Commission of Education, set up in October 1985, has achieved a great deal towards uniting and organizing old people to give full play to their remaining energies and enrich their cultural life.

"The unique feature of this association is that it allows retired cadres to run the organization themselves, which encourages them to take part in activities," said Zhi Yongning, the group's deputy secretary-general.

"We offer lectures on literature and history, calligraphy, flowers and plants, *qigong*, *taijiquan*, nutrition, hygiene and health care. We also organize singing groups which present Beijing opera arias, as well as fishing and sports activities," he said.

The association has also set up a subsidiary—the Looking After Next Generation Association—which takes advantage of the specialities of elderly cadres.

by Chen Qiuping

## PLA Top Officers Appointed

Yang Shangkun, permanent vice-chairman of the Military Commission of the Communist Party of China (CPC), becomes concurrently the commission's secretary general. Hong Xuezhong and Liu Huaqing are the deputies to the secretary general, according to a decision made by the CPC Central Committee.

With the approval of the Party Central Committee, Chi Haotian is commissioned as the chief of general staff of the Chinese People's Liberation Army (PLA), Yang Baibing as the director of the PLA General Political Department, and Zhao Nanqi as the director of the PLA General Logistics Department, under an order signed by Deng Xiaoping, chairman of the Military Commission.

## Weekly Chronicle (November 23-29)

### POLITICAL

#### November 24

■ A 21-article law designed to give the country's 800 million rural dwellers more say in their affairs through self-management, self-education and self-reliance is approved at the 23rd meeting of the Sixth National People's Congress, which ends today.

The trial village committee law will go into effect next June 1. The number of village committees—grass-roots self-governing organizations for villagers—is up to 948,000.

### ECONOMIC

#### November 23

■ To make decision-makers and project builders fully responsible for the planning and construction of their projects, China has decided to introduce a strict investment responsibility system for its capital construction projects, an official of the State Planning Commission says.

A series of specialized investment corporations will be set up both at the central and local levels to handle the economic aspects of investment matters.

#### November 24

■ China has proved coal reserves of more than 840 billion tons, according to the Coal Industry Ministry's latest figure.

There are now 12 provinces and autonomous regions with more than 10 billion tons of coal reserves, while Shanxi and Inner Mongolia have massive reserves totalling more than 200 billion tons. Total coal reserves within 1,000 metres of the surface are estimated at 2,660 billion tons.

#### November 26

■ More than 10,000 technicians and professionals in Shaanxi Province went to the rural areas to share their knowledge and skills with farmers and help them

update traditional agriculture techniques, develop rural enterprises and improve the quality of labourers, *Remin Ribao* (People's Daily) reports.

So far more than 2,500 model centres for special and comprehensive projects have been set up in various parts of the province by agricultural researchers and teachers.

### CULTURAL

#### November 23

■ The world's first acupuncture and moxibustion conference sponsored by the World Federation of Acupuncture-Moxibustion Societies opens in Beijing.

About 1,500 acupuncturists from more than 50 countries will attend the four-day meeting.

During the meeting, Hu Ximing, Chinese vice-minister of Public Health, was elected chairman of the federation. The headquarters of the federation is in Beijing.

### SOCIAL

#### November 26

■ At a mass meeting in the Beijing Railway Station Square, it is announced that 10 train ticket profiteers are in custody and six others are to be educated through supervised labour by the public security division of the Beijing Railway Administration.

Some of the criminals used to be agents responsible for reserving tickets for government departments.

### FOREIGN RELATIONS

#### November 29

■ The Nationalities Committee of China's National People's Congress has expressed in a statement its "utmost indignation" and "strongly condemned" the handful of United States congressmen who took part in the so-called Tibet Question demonstration on November 17 in Washington.

KAMPUCHEA

## Vietnamese Troop Pullout Key to Peace

*It is impossible to restore peace to Kampuchea while Vietnamese troops remain in the country. A total withdrawal by Viet Nam is the only way to resolve the Kampuchean problem.*

Despite the "policy of national reconciliation" put forward by Hanoi and the Heng Samrin regime it supports, no headway has yet been made in finding a solution to the nine-year-old Kampuchean conflict.

Diplomatic sources and political analysts in Bangkok believe the only solution to the Kampuchean problem is the withdrawal of Vietnamese troops from Kampuchea. "There will be no solution unless Viet Nam makes a commitment on that," one of them said.

After its invasion of Kampuchea in late 1978, Viet Nam time and again claimed that there was no Kampuchean problem and that the Heng Samrin regime in Phnom Penh had the country well under control.

But in the middle of this year, the Vietnamese authorities, in what seemed to be a policy reversal, claimed to have developed an "earnest interest" in seeking a political solution to the issue and a "reconciliation" with the resistance forces.

In late August, under orders from Hanoi, the Heng Samrin regime announced its so-called policy of national reconciliation, which called for a "sincere alliance of all Kampuchea's patriots with a view to building jointly a progressive, equitable and fair society."

Then in early October, the Phnom Penh regime issued a five-point peace plan, offering Democratic Kampuchea President Sam-

dech Norodom Sihanouk a key state post and inviting other resistance forces to join the "Phnom Penh government."

What is behind these moves? A senior aide of Son Sann, prime minister of the Coalition Government of Democratic Kampuchea (CGDK), said in a recent interview, "The Vietnamese are trying to shift military pressure off the resistance forces through political manoeuvres. It is only a trap."

Observers noted that the Vietnamese moves came after nine years of unsuccessful efforts to crush the Kampuchean resistance, and at a time when pressure from the world community is mounting.

When Viet Nam invaded Kampuchea, it attempted to take the country in a single drive. After meeting strong resistance, the Vietnamese authorities found themselves in an unending war.

In the 1984-85 dry season, thousands of Vietnamese soldiers attempted to encircle the bases of the resistance in northwestern and western Kampuchea. Although these bases had to be abandoned, the three armed resistance forces under the CGDK have waged guerrilla warfare throughout the country since then.

These tactics have proved successful. Resistance commanders and soldiers said in interviews that although the war is being waged on a small scale, Vietnamese and Heng Samrin troops are threatened everywhere by attacks from the resistance forces.

Khan-yeon, deputy commander of the third brigade of Sihanouk's National Army, said, "We are doing quite well. The Vietnamese are confronting increasing problems." He added, "Although we are not able to win the war immediately, neither can the Vietnamese invaders."

Political analysts in Bangkok noted that it is in this context that Viet Nam came out with its "new ideas," which they view as changes only in words and not in substance.

The analysts say the Vietnamese political offensive has three purposes: legitimizing the Heng Samrin regime, splitting the resistance forces and hoodwinking the international community. But, they conclude, it is not working.

Thai Deputy Foreign Minister Prapass Limpabandhu said recently that Viet Nam should withdraw its troops from Kampuchea as soon as possible to pave the way for an agreement among all the country's factions on national reconciliation and Kampuchea's future.

Former US Secretary of State Henry Kissinger, who visited Thailand in early November, also sees the presence of Vietnamese troops as the key problem. "There is no way around that problem," he said.

Sihanouk has made it clear that he cannot accept an offer of a top post or any function in the illegal Phnom Penh government. "Only the Khmer people hold the sovereign right to choose their future leaders once Kampuchea is fully liberated and free of foreign occupation," he said.

It will be impossible to restore peace to Kampuchea while more than 140,000 Vietnamese troops remain in that country. If Viet Nam sincerely wants to find a way out of the war, it should immediately pull all its troops out of Kampuchea and leave the Kampuchean to decide their own destiny on the basis of UN resolutions on the problem.

**by Ma Shengrong**

## Renewed Ties Foster Arab Unity

*Ten Arab countries have restored relations with Egypt since the recent summit in Amman. This development is conducive to strengthening Arab forces and safeguarding the interests of the Palestinians and all Arab people.*

The renewal of relations with Egypt by 10 Arab countries is an important international development.

Egypt is a major force in the Arab world. In the Arab countries' wars against Israeli aggression, Egypt has been a key belligerent. In 1978 Egypt signed the Camp David accords, which were followed by the signing of a peace treaty with Israel. These actions were condemned and opposed by the Arab countries. In November 1979 Egypt's membership in the Arab League was suspended, and 17 Arab countries severed their relations with Egypt because they considered it a heinous crime to recognize Israel as an independent state.

Much has changed since then. On September 22, 1980, the Iran-Iraq war broke out and on October 6, 1981, former Egyptian President Anwar Sadat was assassinated. In June 1982 Israel launched a large-scale invasion of southern Lebanon and Egypt recalled its ambassador from Israel. Relations between Egypt and Israel cooled. This, along with Egypt's persistent support to the struggle of the Palestinian people, won the approval of Arab countries and defused their tensions with Egypt.

The Arab summit convened in the Moroccan city of Fez in 1982 adopted a resolution which implied that the Arab countries would recognize Israel's existence if Israel withdrew from the Arab lands it occupied during the 1967 Middle East war. Now almost all the Arab states support a proposal for convening an international

conference to resolve the Arab-Israeli conflict. The conference would be sponsored by the UN Security Council and attended by all parties concerned, including the Palestine Liberation Organization (PLO) and Israel. All this suggests that to recognize Israel's existence is no longer seen as a crime in the Arab world and the co-existence of Arab states and Israel is regarded as inevitable, although the Israeli-occupied Arab lands still must be recovered.

The Arab boycott of Egypt has never been complete. Oman, the Sudan and Somalia retained their embassies in Cairo after Egypt's membership in the Arab League was suspended. Jordan, Djibouti and the PLO re-established relations with Egypt in the ensuing years.

Of the 17 Arab countries which severed diplomatic ties with Egypt, many retained an "interest office" in Cairo staffed with diplomats. Although their national flags did not fly in the

embassy buildings, they did not stop exchanges of trade and personnel with Egypt.

Despite its severed relations with Iraq, Egypt has consistently supported Iraq in the Iran-Iraq war. This year, as the situation in the Gulf has deteriorated, Egypt has reiterated that it will assist the Gulf Arab countries if the war spreads. Egypt is the most populous country in the Arab world and has the largest number of troops. The Gulf countries see Egypt as a reliable force that can safeguard the security of the Arab states.

In recent months, Iraq, Saudi Arabia, Kuwait and the United Arab Emirates have strengthened their political, economic and military ties with Egypt. The Arab countries currently have US\$1 billion invested in Egypt, most of it from the Gulf states. Saudi Arabia and Kuwait have provided Egypt with financial assistance to repay foreign loans. All this has laid the foundation for strengthening Arab unity.

Today 15 of the 21 Arab nations have relations with Egypt. It is generally considered that Egypt's return to the Arab League is the issue of the day. The Chinese people are always in favour of the developing countries strengthening their unity. Therefore, we are pleased by the encouraging signs of renewed unity in the Arab world.

by Chang Qing

## NICARAGUA

### US Urged to Change Its Attitude

*Nicaragua has made a series of efforts to implement the Central American peace accord, but the road to national reconciliation is arduous.*

Last month's general assembly session of the Organization of American States (OAS) marked the launching by Nicaragua of a series of overtures aimed at achieving national reconciliation

and bringing peace to the war-torn Central American country.

Speaking at the OAS session in Washington on November 11, Nicaraguan President Daniel Ortega said the country is ready to

implement a ceasefire with the US-backed rebels and abide 100 percent by the Central American peace accord. The pact, signed by the presidents of Costa Rica, Honduras, Guatemala, Nicaragua and El Salvador in Guatemala City on August 7, calls for ceasefires within 90 days in the Nicaraguan and Salvadoran civil wars.

Ortega also expressed the desire to hold direct government-to-government talks with the United States to explore ways of normalizing relations with Washington, which supports the Nicaraguan rebels. President Ronald Reagan refused to meet with him.

"Nicaragua is not a country hostile to the United States and it does not constitute a threat to the United States," Ortega said. He urged Washington to put an early end to its hostile activities against Nicaragua.

On November 13 Ortega put forward an 11-point ceasefire negotiation proposal, which includes a one-month interim ceasefire, a halt to US aid to the contra rebels, and an amnesty for rebels who lay down their arms during the interim ceasefire. The proposal was made public after extensive talks between Ortega and Nicaragua's Roman Catholic primate, Cardinal Miguel Obando y Bravo, who acts as a mediator between the government and the rebels.

On November 17, the Nicaraguan government declared that any armed insurgent who asks for amnesty will be able to participate in the national dialogue through legally registered opposition parties. A new amnesty law — the country's third — has been passed by the Nicaraguan parliament.

The Sandinista government is concerned about the slow pace of the national dialogue and wants to accelerate the process. In its latest bid for reconciliation, the government granted amnesty to 985 political prisoners on November 20. The prisoners include 200 ex-

National Guards of the former Somoza regime.

The Nicaraguan government has found that the obstinate attitude of the Reagan administration towards the rebels plays a key role in hindering the peace process. Without US aid, the rebels could not have survived until now. On November 9, Reagan announced that once serious negotiations between the government and the rebels are under way, the United States would be willing to resume talks with Nicaragua. But he added that before such a meeting, the United States would consult closely with the contras.

The Reagan administration announced in September that it would ask Congress to ratify US\$270 million in aid to the

Nicaraguan rebels. Although reports say the administration has decided not to go ahead with the request this year, the White House does not want to abandon the rebels. US officials have made it clear that the United States will continue to aid the rebels until the end of the conflict because Washington cannot accept the victory of the Sandinistas.

At a press conference in Mexico on his way back from the OAS session, Ortega said, "The fact that President Reagan does not want to meet with me shows a lack of will on the part of the US government to support in an effective way the efforts for peace in Central America. But we hope the United States will change its attitude."

by Zhong Xin

## THE BALKANS

### Greece, Albania Strengthen Ties

*The Greek foreign minister's recent visit to Albania marks a step forward in bilateral relations and signals the opening of a new era in co-operation between the two neighbours.*

**B**ilateral relations between Greece and Albania entered a new stage of comprehensive co-operation with the recent visit to Albania's capital of Tirana by Greek Foreign Minister Carolos Papoulias. Papoulias is the highest-ranking Greek official to visit Albania since the two countries established diplomatic relations in 1971. It was the first time in 20 years that Albania invited a foreign leader to visit the country.

Greece declared a state of war with Albania during World War II because Albania occupied northern Greece, giving Italy an opportunity to invade the country. Relations failed to improve after the war and almost all contacts between Athens and Tirana were severed, including the closing of border check-points. Despite the

re-establishment of diplomatic relations in 1971, the state of war was not lifted and bilateral relations continued to stagnate.

Relations between the two Balkan neighbours began to thaw in 1981 when Andreas Papan-dreou, head of Greece's Pan-hellenic Socialist Movement, came to power, expressing openly the hope to develop friendly and co-operative relations with Albania. Tirana responded enthusiastically to the overture. Relations have improved markedly over the past several years with the signing of co-operation agreements in the fields of economics, science, industry, finance, tourism and culture.

In August, the Papan-dreou government lifted the 40-year-old state of war with Albania in defiance of strong objections from

opposition parties. Albania applauded the move, saying it would promote the development of bilateral relations in every field.

The Greek delegation visiting Tirana included the ministers of culture and science, the environment, planning and public works and commerce, as well as a group of businessmen.

During the visit, the two countries agreed on co-operation protocols in the areas of industry,

science, technology, culture and sanitation. Albania expressed its desire to expand and deepen co-operation with Greece in all fields of common concern. Government officials of the two countries also discussed major international and regional issues. With the Balkan foreign ministers' conference scheduled to take place in Belgrade in February, they particularly focused on matters concerning regional co-operation.

by Zhou Xisheng

## GUINEA

### Reform Programme Brings Changes

*President Lansana Conte has taken a series of measures to develop the economy since he came to power in 1984.*

**G**uinea, a beautiful country in western Africa, is richly endowed with natural resources.

The country, which covers an area of 245,000 square kilometres, borders on the Atlantic Ocean. Besides inshore fishery resources, oil in the continental shelf, and farmland and forests in the interior, minerals—particularly bauxite and iron—are found all over the country.

Guinea has about 10 billion tons of high-grade (50-60 percent) bauxite reserves, or one-third of the world's total proved reserves. Three bauxite companies—started as joint ventures with companies from developed countries—have the capacity to extract a total of 12 million tons of bauxite and produce 700,000 tons of alumina a year for export. This brings in US\$250 million a year in foreign exchange—more than 95 percent of total national foreign currency income.

Iron is the second major mineral, with total reserves of 15 billion tons, grading up to about 65 percent.

But Guinea's rich natural resources have not been fully

exploited and 29 years after its independence the country remains one of the poorest in the world.

President Lansana Conte, who came to power in 1984, is trying to change this situation. He altered the previous governments' policies of total nationalization and limitations on trade and adopted new policies which are suited to national conditions.

In the agricultural sector, the government eliminated state farms, pastures and communes. Peasants now harvest their own crops and sell their products freely. They can also reclaim waste land. The government plans to increase agricultural investment by 50 percent. It provides peasants with technology and seeds and has developed a barter trade system so that peasants can obtain daily necessities and building materials. Statistics show that in 1985 the area of cultivated land increased by 10,000 hectares over 1984.

As for industry, the government announced that state-run enterprises will gradually move towards joint or private ownership. In 1986, 37 state enterprises were closed to be converted to joint

operation or sold to private owners.

In the finance sector, six commercial, agricultural and other banks were closed, leaving only the central bank solely in government hands, and international banks were invited to establish themselves in Guinea. French banks responded first and three of them have set up operations in the country.

In commerce, Guinea closed state-run shops, lifted trade restrictions, eliminated import tax on food and daily necessities, reduced import tax on building materials by 50 percent, and encouraged merchants to import commodities to stimulate the markets.

Conte has indicated that the government will go on with the reform programme.

People who have lived in Guinea's capital for a few years have an impression of increasing prosperity. Conakry's markets feature a variety and abundance of commodities; more large buildings have given the city a facelift; roads have been repaired; the number of cars rose sharply to 20,000 because the government relaxed import quotas on vehicles; and many stores and workshops full of goods can be seen throughout the city. All this represents a big change.

But while the reform has brought a certain vigour to Guinea's economy, some difficulties still exist. Only two or three of the state-owned enterprises which have been closed have found private buyers; most of them are still for sale. Workers lost their jobs and equipment was heavily damaged. Prices have been rising faster than wages and many people cannot support their large families. Government staff cuts have brought more difficulties to families whose living standards were already low.

It is still too early to say whether Guinea's reform is a success, but the government is determined that it will continue.

by Zhang Zhenyi

## Prospects for US-Soviet Disarmament Talks

**The United States and the Soviet Union have different strategies for the arms control talks. While both of them need to reach an agreement in the short term, their future rivalry looms larger in their thinking. There is no reason to expect too much of any accord they might reach.**

by Ye Ruan

**F**or the past year the United States and the Soviet Union have been engaged in wide-ranging disarmament talks. How far have these talks progressed? What are the factors that keep the two superpowers together at the negotiating table, yet at the same time prevent them from stopping their arms race? Is an agreement on intermediate-range nuclear forces (INF) likely to accelerate talks on other disarmament issues? These are the questions of common concern to the international community.

In the year since the Iceland summit an INF agreement in principle has been reached; headway has been made in the talks on banning chemical weapons; and preparations for pan-European conventional disarmament talks have got under way. The talks on strategic and space weapons remain stalemated and the talks on a nuclear test ban seem likely to make some progress.

The INF talks are the most encouraging aspect of the US-Soviet disarmament negotiations. If everything goes smoothly, the leaders of the United States and the Soviet Union will sign a formal INF agreement during their summit this week.

The issues of strategic nuclear arms and space weapons are fundamental and are associated with the balance of power between the two countries and their future rivalry. The two sides have held firmly to their positions in the negotiations. In the past year, nothing substantial has been

achieved apart from arriving at ways to calculate and limit heavy bombers and airborne weapons.

The Soviets insist that agreement on space weapons is a "necessary precondition" for strategic nuclear arms cuts. But they have readjusted their tactics to curtail the US Strategic Defence Initiative (SDI, or "Star Wars" programme). The United States, on the other hand, has not budged in its stance in hopes of ensuring that it can carry out its planned SDI testing and deploy its space-based weapons in the early 1990s.

Although the talks on European conventional disarmament are multi-lateral, the United States and the Soviet Union, as leaders of their respective military alliances, are undoubtedly the most important participants. The 14-year talks on simultaneous and balanced disarmament in Central Europe, which have produced no results, came to a standstill early this year. The issue of conventional forces seems to be more prominent in the light of a possible INF accord between the two superpowers. After more than half a year's consultations and informal talks among the various parties concerned, it was agreed that all-European disarmament talks should be started on the basis of the confidence-building and security measures proposed at the disarmament conference in Stockholm in September 1986.

The difference now is that the Soviet Union and its Warsaw Pact allies maintain that on the whole, the conventional forces of both the Warsaw Pact and the North

Atlantic Treaty Organization (NATO) are roughly equal and that the talks on conventional disarmament should also include tactical nuclear weapons. Not only the United States but all the countries that have such weapons should participate, the Warsaw Pact countries say. This stand would require Britain and France to reduce or eliminate their tactical nuclear weapons. The United States and NATO are opposed to including tactical nuclear weapons in the negotiations. They insist that the West should increase its tactical nuclear weapons until the Warsaw Pact ends its superiority in conventional forces.

The banning of nuclear testing has been an important part of the arms talks between the superpowers since 1980, when the United States, the Soviet Union and Britain suspended their negotiations on a total nuclear test ban. In bilateral talks with the United States and the 40-nation Geneva disarmament conference, the Soviet Union has tried to press the United States into substantive talks on an agreement that would ban all nuclear testing. The United States has stressed that a complete nuclear test ban is a long-term goal. Until large-scale nuclear disarmament is realized and means of verification are perfected, the United States is determined to continue nuclear testing in order to ensure the reliability and effectiveness of its nuclear deterrent.

The Soviet Union implemented a unilateral nuclear-test mora-

atorium in August 1985 and prolonged it three times in an attempt to force the United States to suspend its nuclear testing under international pressure. But the Reagan administration refused to yield and the Soviet Union finally lifted its moratorium at the end of January this year. Washington maintains that nuclear tests of small TNT equivalence are necessary for the development of space weapons. It regards the next few years as critical for the testing and deploying of a new generation of strategic nuclear arms. The Soviet Union, after its abortive attempt to force the United States to halt nuclear testing, resumed its tests on February 26. Between then and mid-August, it carried out 15 tests. In the same period, 11 tests were conducted by the United States.

Earlier this year the Soviet Union put forward some concrete proposals on limiting the size and number of nuclear tests. The United States has agreed to discuss the proposed limitations, but it intends to challenge the Soviet Union mainly on the issue of verification.

Another factor is complicating the test ban negotiations and making them more difficult. The Soviet Union, in an attempt to impose restrictions on Washington's development of space weaponry and its strategic arms modernization programme, wants the problem resolved as part of a blanket agreement. The United States sees the test ban negotiations as an important means to force the Soviet Union to make significant concessions on strategic offensive arms. Because of these differences, prospects for the test ban negotiations are generally regarded as dim.

Chemical weapons are another issue in the US-Soviet disarmament talks. After years of negotiations, the Geneva disarmament conference has reached agreements on most clauses of a draft treaty banning chemical weapons. The Soviet Union has

made concessions on some points. For the first time it admitted to possessing chemical weapons and revealed where they are stored. It announced a unilateral halt to chemical weapons production and built plants and other facilities to destroy existing weapons. Although the United States also wants to promote negotiations and reach a pact on chemical weapons, it is still trying to squeeze more concessions out of the Soviet Union.

A survey of the disarmament talks over the past year shows that the two superpowers have adopted different attitudes and tactics on arms control and disarmament. The Soviet Union has waged an offensive through frequent proposals and has made concessions from time to time while standing firm on critical issues. It has also adopted more flexible tactics. The United States, comparatively speaking, has been unyielding from the outset. It tried to press the Soviet Union to make maximal concessions. These different postures basically reflect the superpowers' new national strategies under changing historical conditions.

Soviet leader Mikhail Gorbachev's strategy is to accelerate Soviet economic development, raise scientific and technological standards and reduce military spending through all-round reform. With these aims in mind, Moscow hopes to ease international tension and improve relations with foreign countries, especially the United States. But it has not abandoned its strategic rivalry with the United States or resigned itself to giving up its position as a superpower. It is simply using new tactics. Over the past six years, the Reagan administration's national security strategy has been to expand the US military buildup, to offset Soviet superiority in numbers with US superiority in technology and to compel the Soviet Union to reach arms control or disarmament agreements that are favour-

able to Washington.

Given this struggle, why have the disarmament talks progressed even to the point where the signing of the INF treaty looks probable? The reasons are many.

Both the Soviet Union and the United States have many difficulties and problems, both internal and external. Moscow and Washington both need an arms-control pact to improve their situations; Moscow is especially eager.

The two sides are aware that the matter is pressing. The US general election is coming, and the Soviet reform is arriving at a critical point. It would be disadvantageous for both sides to miss the opportunity. The superpowers are under increased international pressure to reach an agreement as soon as possible and fulfil their special responsibilities for world disarmament. Their final acceptance of the double zero option is closely related to the urging of Eastern and Western Europe, China, Japan and some other Asia-Pacific countries. As for promoting the reduction of conventional forces in Europe, neutral European nations and non-aligned countries have played an active role. Medium-range and shorter-range missiles account for only 3-4 percent of the total nuclear warheads of the two countries. The elimination of these missiles will not affect the general balance of military strength between the Soviet Union and the United States, or between NATO and the Warsaw Pact.

Both the disarmament negotiations and the arms race between the two superpowers have entered a new stage since the beginning of the 1980s. The aims of talks changed from limiting the number of weapons to reducing and destroying part of the nuclear and conventional arsenals. The arms race evolved into a contest to develop high-technology weapons.

Both the United States and the Soviet Union have expressed their

willingness to reduce (even slash) armaments through negotiations, not because they want to slow down or stop the arms race but because of the following factors:

—The nuclear and conventional arsenals of the two countries are beyond the saturation point. Both sides understand that the general military balance cannot be upset even if one side gains quantitative superiority in some field through increased expenditure.

—Many weapon systems deployed in the 1960s and some deployed in the 1970s are obsolete and outmoded. If they are not eliminated, the cost to maintain them will increase sharply while their potential value in combat declines. There are so many of these weapons that the two sides could easily agree to reduce their strategic armaments by 50 percent.

—With the application of high technology to the development and production of new weapons and the improvement of existing ones, the efficiency and power of weapons has been raised by a margin big enough to far offset any reduction of quantity.

—The economic difficulties of the United States and the Soviet Union are also an important element in encouraging arms reduction. The Soviet Union's economy has stagnated since the mid-1970s and reached the brink of crisis in recent years. The manpower, material and financial resources that were put into the arms race with the United States have undoubtedly been a drag on the national economy. As for the United States, the Reagan administration raised military spending substantially in the past few years, resulting in huge budget deficits, trade deficits and the adverse balance of international payments. This led Congress to cut the military budget for two years running, which caused delays of one to two years in plans for the modernization of major weapons. Even the funds for SDI are far

from the amount sought by the administration, forcing cuts in the original plan.

Certainly, the United States and the Soviet Union can reduce and destroy part of their nuclear and conventional arsenals. This is better than their trying to increase their weapons to keep up with each other. It will, after all, help relax international tension and improve the relations between Washington and Moscow and between the East and the West. But an agreement to reduce the quantity of weapons without limiting improvements in quality and the development of new weapons cannot stop the arms race. People are upset to note that even as they negotiate arms reductions, the United States and the Soviet Union are speeding up their plans to modernize their weapons in order to vie for military superiority or prevent the other side from gaining the upper hand.

The new round of the arms race involves not only the research, testing and development of space weapons, but also the improvement of existing weapon systems and the research and development of new-generation, high-technology systems. After deploying the SS-25 mobile land-based intercontinental ballistic missile last year, the Soviet Union began to deploy SS-24 mobile missiles with multiple warheads this year. The United States has deployed 21 MX missiles each with 10 warheads, and plans to deploy a total of 100 of these missiles. Its high-precision "dwarf" mobile single-warhead missile is expected to appear soon.

The United States and the Soviet Union are also competing in nuclear submarines and anti-submarine technology. According to reports, the Soviet Union has deployed four new kinds of nuclear submarines since 1983 and is trial-manufacturing nine other kinds. Since the Soviet Union obtained advanced technology for the manufacture of submarine

propellers from Japan's Toshiba Machinery Co. and a Norwegian company, the noise of Soviet submarines has been greatly reduced. Moscow has also improved its submarines' speed, depth of dive, survival capacity, automation and nuclear reactors. These advances took the United States by surprise. To maintain its leading position, the United States plans to spend US\$100 billion on new attack submarines and anti-submarine aircraft in the next 10-20 years. The US Navy also is researching new detection methods. As for conventional weapons, the United States and the Soviet Union are both seeking to improve their quality and precision. Optical-fibre, laser and other advanced technologies are gradually being applied to all types of conventional weapons.

From the nature of the US-Soviet talks and the principal aims of both sides in recent years, it is possible to make an rough prediction about the future of disarmament.

The Soviet Union's main goal is to limit the US Star Wars programme, while its secondary goal is to force the United States to join it in ending all nuclear testing. The Soviet strategy is to link these two issues to the talks on reducing strategic weapons. According to the Soviet plan, after the two sides eliminate 50 percent of their strategic weapons, Moscow will press Britain and France to join the process of nuclear disarmament. In the pan-European disarmament talks, the Soviet Union, starting from its superiority in conventional forces, will work towards the elimination of tactical nuclear weapons and the gradual removal of all nuclear weapons from Europe.

The principal aim of the United States is a big reduction in offensive strategic nuclear weapons, in other words, to weaken or eliminate the Soviet edge in land-based intercontinental ballistic missiles and maintain its own edge in the



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submarine-launched strategic missiles and strategic bombers. The US strategy is to try to resolve the issue of strategic arms reduction separately, without tying it to the issue of the space weapons. Washington is not necessarily opposed to a package of agreements on the condition that it does not interfere with crucial SDI testing and the future deployment of SDI. The United States will maintain its tactical nuclear weapons and troops in Western Europe and its basic military ties with Europe. However, the United States would probably reduce its troops in Western Europe if it could modernize its nuclear and conventional weapons and if its allies agreed to share more military responsibilities.

The United States and the Soviet Union will try their best to overcome some technical disputes and sign the INF treaty in accordance with the global double zero option before the end of the year. It is almost certain that they will succeed. The signing will probably be followed by optimism about detente and disarmament, but this treaty will do nothing to promote rapid progress in other fields of the US-Soviet disarmament negotiations.

It is likely that an agreement on a global ban on chemical weapons will come next. Many observers think that such a pact will be signed within one or two years. There could be delays because other countries besides the United States and the Soviet Union are involved in the bargaining and the final agreement will not be decided entirely by Washington and Moscow.

In the middle term, the United States and the Soviet Union will probably make some compromises on reducing strategic weapons and limiting space weapons by the end of the 1980s or the beginning of the 1990s. The two sides have reached agreement in principle on some major limitations in their talks on strategic weapons. It is

time for the negotiations to get down to substantive issues.

As for the talks on space weapons, both sides are now discussing the terms of the Anti-Ballistic Missile (ABM) treaty of 1972 to arrive at an acceptable interpretation of how the treaty relates to space weapons. Based on this, a list of weapons banned from entering outer space will be worked out and limitations on activities in space will be defined. It would be hard to resolve the issues of strategic and space weapons together during President Ronald Reagan's term in office.

There is also a possibility that the two sides will eventually agree to limit the size and number of underground nuclear tests. But they will do this only if nuclear testing technology and verification methods are improved and the limits do not affect the tests which both sides want to conduct for various aims. This could not happen within one or two years. Even if they reach an agreement, its significance would not be great. Like the US-Soviet treaty of 1974, which limited nuclear test to the equivalent of 150,000 tons of TNT, such a pact would not prevent the superpowers from developing their nuclear weapons.

The European-wide disarmament talks will be more difficult, complicated and prolonged than those relating to Central Europe. Because the pan-European negotiations are more extensive, with broader content and more participants, and because of the big differences among various countries' military equipment and advantages and disadvantages, an agreement on the large-scale reduction of the military presence of the two military blocs is still far off. This does not exclude the possibility that the United States, the Soviet Union and other countries concerned will reach a limited agreement on reducing some outdated weapons and a symbolic reduction of US and Soviet troops. Such an agreement would not change the balance of the military forces between the United States and the Soviet Union, and NATO and Warsaw Pact, or the political or military situation in Europe.

To sum up, people take a cautiously optimistic attitude towards the US-Soviet disarmament talks and do not pin high hopes on the agreement which may be reached. To oppose the new round of the arms race between the United States and the Soviet Union is natural.

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## ANNOUNCEMENT

The "Shanghai and Me" essay contest, co-sponsored by *Beijing Review* and *China Daily*, has received an enthusiastic response from China and abroad. We express our sincere thanks to all those who entered.

We, with the consent of *China Daily*, have decided to postpone the deadline for entries to December 31 this year. All foreigners, overseas Chinese and compatriots from Taiwan, Hong Kong and Macao, who have been to Shanghai or are staying there, are invited to write and send us pieces relating to Shanghai. They can be of any kind, published or not, no more than 5,000 words long.

Beijing Review, Shanghai Office

A DIALOGUE ON TIBET (V)

## Culture, Education and Health Care

The last in our series of dialogues on Tibet. The first four parts appear in issues No. 42, 43, 47 and 48. —Ed.

**QUESTION:** What policy does the central government adopt towards the traditional culture of Tibet?

**ANSWER:** Respecting and protecting the traditional culture of the minority nationalities has been the consistent policy of our government. (The policy was disrupted in some places during the "cultural revolution," but was put right later.) The policy applies to the traditional culture and historical heritage of Tibet too. The Potala Palace is a major cultural monument of China and enjoys special state protection. All the Buddhist statues and scriptures in the Tibetan language and other rare relics kept in the palace are also under state protection.

Thus far, we have published some 600 kinds of Tibetan books, with a distribution amounting to over 43.5 million volumes. The central government also implements the policy of inheriting,

Lhasa pupils at their lessons.



CHEN ZONGLIE



CHENG XI

Budding performers of the Tibetan Opera Class at the Tibetan Arts School.

carrying forward, systematizing and improving Tibetan medicine, facilitating the development of

this age-old ethnic medicine. In addition, energetic support is rendered to Tibetan opera, songs and dances, and as a result many brilliant Tibetan artists have emerged.

**Q: The Dalai Lama and his followers allege that children in Tibet have been deprived of the right to an education and that Tibet has been reduced to an illiterate region. Will you comment on that?**

**A:** What they say is utterly groundless. Since 1951 when Tibet won peaceful liberation, the central government has never ceased making efforts to develop education in the region. By the end of 1986, the student population in the autonomous region as a whole had reached 148,000. Currently there are 2,388 primary schools in Tibet, with 121,000 pupils,

including 19,000 (90 percent) ethnic Tibetan pupils, and 50.4 percent of school-age children in Tibet are at school. In addition, the autonomous region has 64 middle schools with 21,950 students including 14,200 Tibetans; 14 secondary technical schools with 3,060 students including 2,130 Tibetans; and three higher education institutions with 2,860 students including 1,900 Tibetans. There is also a Buddhist Academy with 200 students. Preparations are being made to build a Tibetan Medicine College. Each year the autonomous region spends about 13 percent of its income on developing education.

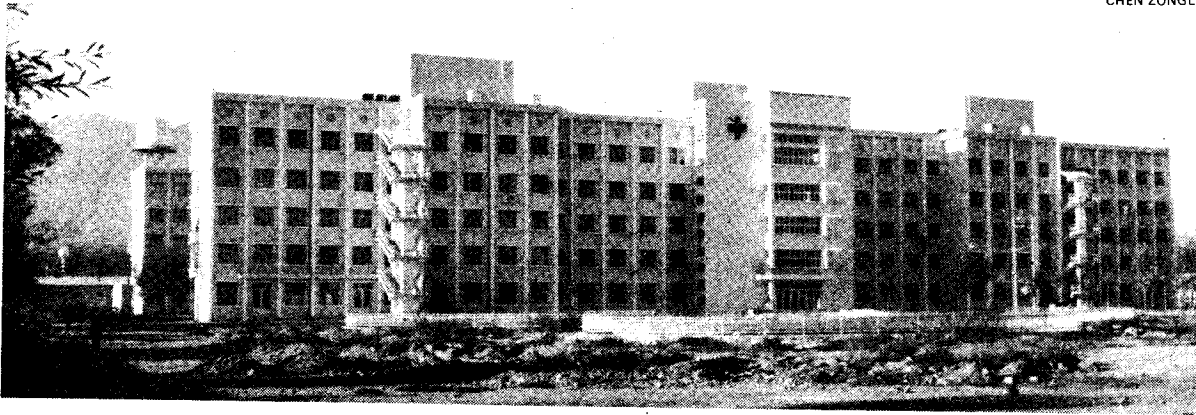
Remember that before 1951 there was not a single school in the modern sense in Tibet; what there was were some old-style private village schools.

The illiteracy rate has dropped from over 98 percent before 1951 (when the Dalai Lama assumed the leadership of Tibet's local government) to just over 60 percent today. It is clear to see whether we have made progress or not.

At present there are also two government sponsored Tibetan students studying English at Oregon University in the United States, and the Tibetan Academy of Social Sciences has a Tibetan member of staff studying in the United States too.

**Q: Some foreign newspapers**

**The recently completed People's Hospital in Lhasa.**



**A biology lab at the Tibetan University.**

CHEN ZONGLIE

**reported that Tibetan history is neglected in Tibetan education. Is this true?**

**A:** No, this is absolutely not true. Tibet enjoys regional autonomy in accordance with the PRC Constitution and the Law on Regional National Autonomy. Both the central government and the government of the Tibet Autonomous Region attach great importance to the study and teaching of Tibetan history and have called for efforts to develop Tibet's fine cultural traditions. In the primary and secondary schools, the students are required to learn about Tibet's past; in

colleges Tibetan history is among the specializations available. With more people involved in researching, compiling and translating Tibetan materials, our work in this field should make great progress. We set great store by the study of the history of all nationalities, because they are part of the history of the Chinese nation.

**Q: When do pupils begin to learn Tibetan and Chinese? Are there special primary schools or classes for Han or Tibetan children?**

**A:** There is no school in Tibet which separates Tibetan children from Han children. But there are Tibetan language classes and

CHEN ZONGLIE

Chinese classes in the schools, which are attended by pupils of all nationalities. In the Regulations Concerning the Study, Use and Development of the Tibetan Language (for trial implementation) adopted by the Tibet Autonomous Regional People's Congress last June, it is stipulated that all Tibetan primary school children should be taught in the Tibetan language; on the precondition that Tibetan language teaching is not damaged, the Chinese language will also be taught in higher grades.

**Q: What about the use of the Tibetan language teaching materials?**

**A:** They are used in all areas where Tibetan people live in high concentrations. The primary and middle schools mostly use textbooks in the Tibetan language and the colleges offer Tibetan language courses.

**Q: What courses are taught in Chinese in middle and high schools?**

**A:** Except for the Tibetan language classes, all courses are taught mainly in Chinese in middle and high schools. The Tibet Autonomous Regional People's Congress has made it clear that in secondary schools, Tibetan students study mainly Tibetan in their language classes, but they are also required to study Chinese and learn to speak *Putonghua* (Mandarin) which is the standard language throughout China. Steps will be taken to enable other courses to be taught in Tibetan. In schools where conditions permit, foreign languages will also be taught.

**Q: The Dalai Lama's followers say that in Tibet only the Hans have access to medical services. Is this true? How are the health services administered in Tibet?**

**A:** Those people say so and misinform in order to create conflict between the Han, Tibetan and other nationalities. As a matter of fact, the bulk of patients, in and out of hospital, in Tibet are Tibetans. In 1986, for example, of the 6,340,165 outpatients,

5,858,204 or 92.4 percent were Tibetans; of the 72,212 hospitalized patients, 65,712 or 91 percent were Tibetans.

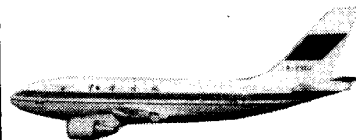
Before the peaceful liberation of Tibet in 1951, only Lhasa and Xigaze had a few government-run Tibetan medical establishments which catered for a handful of people. The other places in Tibet only had small, poorly equipped clinics. In the whole region there was not a single hospital with modern facilities and beds. But now, the autonomous region boasts 770 health care institutions with 4,980 beds and 8,834 doctors and nurses. In the meantime, traditional Tibetan medicine has made much headway. In Tibet there are seven hospitals devoted to traditional Tibetan medicine, and 71 county hospitals have Tibetan medicine sections. Tibetan medical personnel number 1,176, and nine pharmaceutical factories make Tibetan medicines.

The central government ensures free medical care for the herdspeople and urban residents in Tibet. The development of public health work has led to a longer life expectancy for the Tibetan people, from an average of 35.57 years before peaceful liberation in 1951 to 63.7 years today.

**Q: It was reported that in Tibet the state encourages alcohol poisoning. Is this true?**

**A:** The autonomous region has always been very serious about its food sanitation work in order to prevent harmful materials (such as ethyl alcohol) from harming people. We have not found a single store or market where spirit and industrial alcohol are sold. Repeated surveys of all kinds of liquor, wine and beer sold in Tibet found that their quality rate reached 95.4 percent and above. If any food is found below the food sanitation standards, the problem will be tackled seriously right away. The idea that the state encourages alcohol poisoning is an outrageous calumny. ■

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# A Baby Conglomerate in Shenzhen

by Our Correspondent Han Baocheng

An aluminium mould-making factory, with a total investment of US\$23.19 million, is under construction in the Shenzhen Special Economic Zone (SEZ). The project is scheduled to go on stream in July next year. The biggest joint venture of the China National Nonferrous Metals Industrial Corp., the factory is financed by the Shenzhen Joint Corp. and three other companies under the China National Nonferrous Metals Industrial Corp. and their foreign partners, Alcan of Canada and Light Metals Co. of Japan (NLM).

The establishment of the Shenzhen Joint Corp. in January 1984 enabled Shenzhen to have its own nonferrous metals industry. Combining industry with trade and banking, and foreign trade with the import of advanced technology, the total business turnover of this joint corporation has been US\$223.3 million and 1 billion yuan since it started operation in 1984. The joint corporation now has 11 subsidiaries built exclusively with foreign capital, eight joint ventures with foreign businesses and six ventures with inland companies.

## Reputation and Efficiency

Situ Huai, president of the corporation, said, "We have not built our corporation into a bureaucratic organization with endless numbers of administrative departments. From the beginning, it has always been an economic entity. In running a business in the SEZ, we should discard the inefficient work style and personnel system which is typical of the interior." The three watchwords for his corporation are service, reputation and efficiency.

The Import and Export Trading

Co. under the joint corporation has expanded its business by not forgetting these watchwords. The company insists that letters from clients should be answered without delay, and certainly within a week. Same day responses are required for all cables and telexes, except if they require discussion in which case an answer is guaranteed within three days.

Liu Pei, general manager of the Import and Export Trading Co., said that last year his company imported a production line for an enterprise in Guiyang, Guizhou Province. The whole process—from making inquiries about the price, through negotiating, signing the contract, importing and installation to going into operation—took only 58 days.

There are many companies in China handling nonferrous metals imports and exports. Sometimes domestic clients fail to deliver on the deal. In order not to lose credibility, Shenzhen's trading company sometimes has to buy the product at a high price on the international market so as to fulfil its contracts, although it will not always do so. In general tripartite trade on the international market has become an important source of profit for the company.

The trading company now has 22 people on its payroll, their average age is 30, and 16 of them have a college education. Since it started in November 1984, the company has exported US\$60.96 million's worth of goods and imported to the value of US\$27.97 million. The company can now write its own letters of credit for its import contracts and can pay on time. Its export business has also been running smoothly.

The Translation and Technical Service Co., the smallest subsidiary of the joint corporation, handles both interpretation and

written translation work and finds skilled personnel for foreign companies in China. Everyone in the service company is young.

They tell how once a Japanese commercial firm hired a car from the company and the chauffeur arrived half an hour late. When he found out, the general manager, Zhang Guozheng, went immediately to the Japanese firm and made an apology. He offered the car's services free for one day. The mistake has not been repeated.

The joint corporation is notable for its highly trained staff. The headquarters for the corporation and 11 of its subsidiaries has a work force of 399. President Situ Huai is proud to say there are no sinecures in his corporation. Everybody on the technical and administrative sides can take charge of matters outside their immediate area of responsibility. Some people wear a number of hats simultaneously. For instance, the accountant of the Translation and Technical Service Co. is concurrently in charge of statistical and trade union work and for having visiting cards printed up for client organizations. Liu Guifen, a young woman employee, is responsible for wages, the management of the canteen and the routine duties of the office. In addition, she is also the coordinator of the drivers for her company and client organizations. Miss Liu was previously employed as a driver for a sanatorium in the seaside resort of Beidaihe, Hebei Province. She had little work to do and commensurately small wages. She felt she needed more of a challenge at her age.

Young people in important jobs are everywhere in the joint corporation. Situ Huai says he values ability over qualifications and work record. He believes young people are less conservative

and are a force for reform and development. The joint corporation offers them a chance to use their talents and also trains bad habits out of them early on. The company demands of its employees that they abide by the law and discipline; do not seek personal gain but rather consider the interests of the whole. Every day university students, come to apply for work in the corporation. In response, the corporation has set up a personnel training centre.

### Business Expansion

Apart from the Import and Export Trading Co. which deals in foreign trade, all joint ventures under the joint corporation also handle such business. As a result, foreign trade is a major part of the joint corporation's affairs. A number of international joint ventures and cross-country co-operations signed since the founding of the corporation are now under construction or in the preparation stage.

Vice-president of the corporation Huang Dujing said, "The output value of my area of responsibility—industry, was 2 million yuan last year. It is expected that it will equal 10 million yuan this year. If all the industrial projects go into oper-

ation next year, the annual output value could then exceed 200 million yuan."

Most of the investment on the Chinese side for the industrial projects in Shenzhen come from enterprises in the interior which also contribute large numbers of technical and managerial personnel. The preferential investment policies in the SEZ attract inland enterprises too. "It is hard to visualize the joint corporation doing so well without the support of the inland enterprises," said Situ Huai.

The Jinzhou Hard Alloy Co. under the joint corporation has a registered capital of 12.57 million yuan. The Zhuzhou Hard Alloy Plant in Hunan Province owns 50 percent of the company; the Silver Charge Co. of Hong Kong owns 25 percent, and the joint corporation, 20 percent. The Jinzhou company's general manager, Wu Zhaoming, 42, said that most of the 40 employees including himself come from the Zhuzhou Hard Alloy Plant. The company has agreed with a counterpart in the Federal Republic of Germany on the import of a sophisticated miniature-drill production line with an annual production capacity of 500,000 pieces. The project is scheduled to go into operation in 1988. Half its products will be exported and 25

percent will be sold domestically replacing imports.

Wu Zhaoming said the biggest difference between Shenzhen and the interior is the absence of state mandatory plans in the SEZ. Therefore the market governs the enterprises here. The first thing he learnt was how to do business.

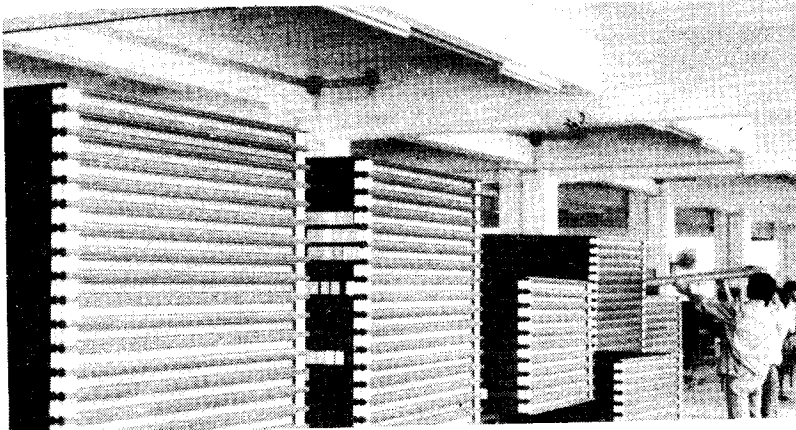
Upon arriving in Shenzhen, Wu and his colleagues discovered that almost all hard alloy disk cutters used in the electronics industry were Japanese imports. So they set about manufacturing quality disk cutters with the equipment already at their disposal. Although the quality of their products was no worse than the Japanese products and the price was much lower, they had to work very hard to find a market for their disk cutters and win customers' trust. His company now dominates the Shenzhen cutter market and is exporting them to Hong Kong.

People from abroad and Hong Kong have been given the posts of general manager in four of the eight joint ventures under the joint corporation. Hans Ruoff, general manager of the Jinao Mould-Making Co., is a German with Australian citizenship. Mr. Ruoff said that compared with the interior, the environment in Shenzhen is more like the West. He has moved his family to Shenzhen, and is satisfied with the progress of the project. He now has full management authority. In March this year, he dismissed a technician from Hong Kong and replaced him with a British.

Situ Huai said his joint corporation plans to set up a whole series of joint ventures. Next year three rare-earth processing projects will be built and he is optimistic about other joint ventures now under negotiation. He will spare no effort to build his joint corporation into an international conglomerate. His aim is for the corporation to be a major world corporation before Hong Kong returns to the motherland in 1997. ■

**A workshop of the Aluminium Products Co., a joint venture under the joint corporation. It has an annual production capacity of 160,000 square metres of aluminium for building.**

LIU CHANGSHENG



# Investment and Loans

by Our Correspondent Yue Haitao

In China, much of the funding for Sino-foreign joint ventures has come from bank loans. An analysis of the accounts of 400 Sino-foreign joint ventures by the People's Bank of China in 1986 revealed that the registered capital of all them was lower than their bank loans.

To remedy this, the Chinese government has made the following stipulations concerning the relation of registered capital to the total investment of a Sino-foreign joint venture: Projects with total investment of US\$3 million or less must have registered capital of the same amount. The registered capital of a project with a total investment of US\$3-10 million should be at least half that or no less than US\$3 million; that for a project with investments of US\$10-30 million, one-third and no less than US\$5 million; and that for a project each with investments of over US\$30 million, one-quarter and no less than US\$10 million. For larger projects, the proportion of the registered capital might be even smaller.

China exercises unified control over foreign exchange. The Bank of China is the state bank specialized in dealing with foreign exchange. Joint ventures must open foreign exchange accounts with this bank or other banks acceptable to the Bank of China. If any joint venture which has gone into operation finds itself lacking construction funds or working capital, it can apply to the Bank of China, the China International Trust and Investment Corp. (CITIC) or other financial organizations for loans either in foreign currencies or Renminbi. Investors who need loans for their share of the

investment should obtain these organizations' promise of the loans and guarantees before the contracts are signed. It is best if these investors invite representatives from these financial organizations to take part in drafting the contracts.

Most Sino-foreign joint ventures have obtained loans from the Bank of China. From 1981 to the end of June 1986, the Bank of China issued US\$600 million in foreign exchange loans and 2.6 billion yuan in Renminbi loans to more than 800 foreign-invested enterprises. Of these enterprises, 44.9 percent have begun operation. Apart from ordinary loans, the Bank of China has also adopted various flexible ways of raising and providing funds, such as overdrafts on current accounts and loans against mortgage. In addition, it has also acquired loans for joint ventures from international banking consortia.

Loans granted by the Bank of China can be either in Renminbi or foreign exchange. The currency in which a loan is borrowed is the one in which it must be repaid. The interest on Renminbi loans is calculated according to current lending rates as announced by the People's Bank of China, while that of foreign exchange loans is calculated according to LIBOR plus service charge. In normal cases, the loan a joint venture borrows should not exceed twice its registered capital.

The loans are divided into three categories. The first is working capital loans, to be used to cover shortfalls in funds for production and circulation. The second is loans for the settlement of accounts. The third category is fixed assets loans, to be used by the joint venture to expand business scope or upgrade equipment. Joint ventures in the planning stage can also apply for such loans.

Since fixed assets loans are usually large and have long repayment periods, it is necessary for the Bank of China to conduct careful evaluation of the joint venture applying for such a loan, to make certain that it will be able to repay the principal and interest.

The Shanghai-Bell Co. stall at an international communication equipment exhibition in China. YUE HAITAO

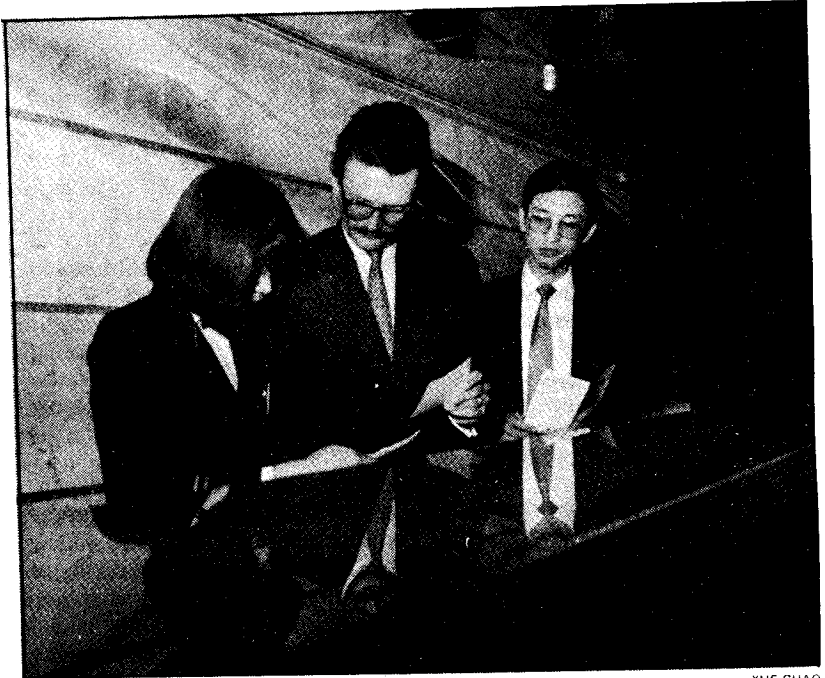


and the bank must also approve the mortgaged property and guarantors named by the borrowers. Only then will it agree to extend the loan.

Like any other bank, the Bank of China has placed strict requirements for lending. First, the borrowers must have a sound credit standing and be able to repay the loan; second, the enterprise in which the borrowers invest must have a promising future with good profits and good management. Neither of the conditions is dispensable.

The Jianguo Hotel in Beijing, a joint venture between Beijing and Hong Kong, was completed and put into operation in 1982 with a total investment of US\$22 million. At that time, there were not many top-class hotels in Beijing and it was believed that there would be no hotel to compete with it for three years. Moreover, the manager of the hotel is experienced and the hotel's occupancy rate has always remained above 80 percent. Within eight months of opening, the hotel earned a net profit (after deducting the repayment of principal and interest on loans and various costs) of 1.06 million yuan. Again the China Hotel in Guangzhou, a joint venture with Hong Kong, paid back US\$45 million in principal and interest for its investment in the first three years of opening. It is expected that this hotel can recoup all its investment in six years. For such well-managed enterprises, the bank will never refuse requests for a loan.

Losing enterprises, regardless of how large they are and how sound a credit standing they enjoy, will get no loans from the Bank of China. For example, the Shanghai-Bell Telephone Equipment Manufacturing Co., a Sino-Belgian joint venture, was established with an agreed total investment of US\$22.8 million and an additional US\$76.06 million in loans, making Shanghai-Bell one of the few major Sino-foreign joint ventures



XUE CHAO

The general manager (centre) in discussion with staff of a Sino-Swiss hotel in Tianjin.

in China. In addition, the company has been approved by the Chinese government as one with advanced technology eligible for special treatment.

At the end of 1986, US\$6.3 million of the agreed total investment had still not been paid up and the company incurred losses of US\$18.86 million. When the enterprise applied for a loan from the Bank of China, it was refused. The bank insisted that the partners of the company must first pay up their shares of the investment in full and increase investment to write off the losses, before it could consider granting them a loan.

A joint venture seeking a loan must have a sum of money of its own, equivalent to 30 percent of the loan it applies for. To get the loan it must hand the bank a valid statement and a letter of guarantee.

In April 1986, the Tianlong (International) Knitwear Enterprise Co., a joint venture between Hubei Province and Hong Kong, applied to the Bank of China for a loan. Investigations by the bank

showed that the documents provided by the company were not valid.

The enterprise called for a total investment of US\$10 million. According to the rules set down by the bank, its registered capital needed to be US\$3-5 million. The company stated its registered capital as US\$4.95 million in its licence. In its contract, however, the registered capital was reduced to US\$2 million, of which US\$1.4 million were put into banks as bank deposits.

Every year, the enterprise had to pay the state 2 million yuan in raw materials import duties and pay 800,000 yuan in interest due on loans. Although more than 90 percent of the company's products were exported and sold well internationally, it incurred a loss of 1.14 million yuan by the end of June 1986. Moreover, the enterprise did not have the required backup money to support its application for the loan. Therefore, its request was refused.

It was not until the company accepted the bank's recommendations and both partners handed



in the registered capital in full and the enterprise raised the required funds on its own that it obtained the loan. The company has since turned around. By the end of 1986, it earned US\$8 million in foreign exchange. Apart from making up for the losses incurred in the previous year, the enterprise reaped a net profit of more than 1 million yuan.

Generally, the Bank of China is very careful in giving loans to projects in agriculture which are at the mercy of the weather. For small-scale projects which produce quick results with little investment, especially those with advanced technology and whose products are exported, loans are more easily obtainable.

In applying for loans the joint ventures have to go through the following procedures:

- The borrowing joint venture should hand to the bank an application endorsed by its board of directors.

- Along with the completed application form, the enterprise's feasibility study report, contract and constitution as well as approval documents issued by related departments must also be handed to the bank.

- If the loan is approved, the borrowing joint venture should sign an agreement with the bank, open a loan account in the bank, and go through the procedures stipulated in the agreement.

For loans on credit, the loan agreement should be supported by letters of guarantee issued by guarantor enterprises acceptable to the bank for the repayment of the principal and interest on the loans.

With regard to loans against mortgage, the agreement with the bank should include a written statement from the borrowing joint venture listing its mortgaged properties, rights and interests, for the bank's approval, as securities for repayment of the principal and interest on the loan.

- The borrowing enterprise must accept the bank's examin-

ation and supervision of the use of the loan and supply the bank with production, marketing, financial and capital construction plans as well as reports on the implementation of these plans.

In borrowing, the joint venture must take into account its own financial status. For overdue loans, the bank will charge interest of 20-50 percent over the original rate from the due date. It also has the right to call the guarantors for the full repayment of the loans or ask them to dispose of all the mortgaged properties and sell them by auction.

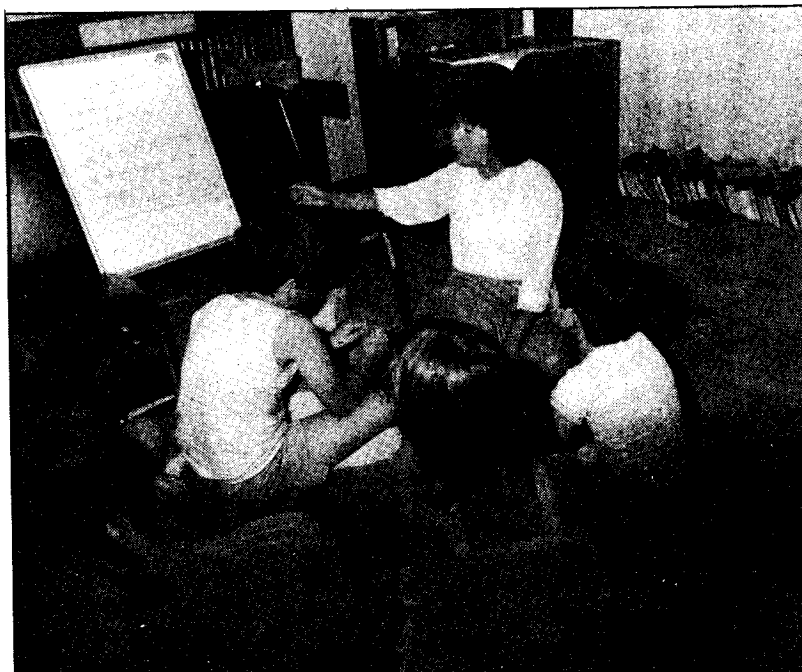
When the Ning-Ca Agricultural Environment Instruments Co., a joint venture between the Yinchuan Meters Co. in the Ningxia Hui Autonomous Region and the Liliu Information Service of the United States, was established, it took out a loan of US\$640,000 with the Bank of China.

A year and a half after it went into operation, the enterprise still owed the bank US\$550,000 because it was losing money. The US side had not paid its full share

of the investment, the enterprise was poorly managed and it blindly undertook construction of office buildings and residential housing for the employees. The overdue loan became a heavy burden for this enterprise whose total investment was less than US\$5 million. It was a bitter lesson.

In order to encourage overseas businesses to invest in China, Chinese financial institutions handling foreign exchange business which have obtained approval from the State Administration of Exchange Control can usually provide overseas investors with guarantees. But the total value of guarantees they provide should not exceed 20 times the financial institutions' own capital. Such institutions number about 90 and they include the Bank of China and its branches, the CITIC and similar organizations of the various provinces, municipalities and autonomous regions. In addition, certain large enterprises with foreign exchange earnings in the country, such as the Great Wall Industry Co., the North

**A class at a school set up for the children of foreign experts and scholars by the International Technology Co., a Sino-Singapore joint venture.** XUE CHAO



China Industry Co., as well as major travel services and foreign trade companies, can also provide guarantees to overseas investors with special approval from the State Administration of Exchange Control. But the value of guarantees they provide should not exceed their own capital. These measures indicate the state's support for foreign-invested enterprises.

Sometimes, if overseas investors with a poor credit standing feel they need guarantees from Chinese financial institutions for them to raise funds abroad, they must first obtain counter-guarantees from foreign banks that are acceptable to the Chinese institutions.

For instance, the Xinjiang Cotton Textile Co., a joint venture between the China Xinjiang Textile Co. and the Globe Textile Co. from the United States, called for a total investment of US\$40 million, of which the registered capital would be US\$14 million. The Chinese side would provide US\$8.4 million of this, accounting for 60 percent of the registered capital. The contract signed by the two sides stipulated that at the first stage the partners should hand in 20 percent of the registered capital and the rest of it should be paid up in full before the end of 1985. The remaining US\$26 million of the needed investment would be supplied by the Bank of China in loans, or by a Swiss bank in buyer's credit with the Bank of China providing an irrevocable letter of guarantee.

By June 1986, the Chinese side had ploughed in US\$7.28 million while the US company paid nothing. Moreover, the US side put forward the following harsh conditions: It could pay the first instalment of US\$1.12 million after the joint venture signed a contract for buying the equipment from a Swiss firm picked by the US side; or it could hand in the US\$1.12 million before the contract was signed, but the Bank of China must provide a guarantee

for its second-phase payment of US\$4.48 million to a foreign bank. If the Bank of China did not issue the letter of guarantee within five months, it would be responsible for returning the US\$1.12 million handed in previously.

Thus, the US side had only invested US\$1.12 million in this project of US\$40 million total investment, that is, only 2.8 percent. According to the stipulations of the contract, the US side would receive 40 percent of the dividends. To be responsible for only 2.8 percent of the risks while enjoying 40 percent of the profits obviously contradicts the principle of equality and mutual benefit.

The Bank of China agreed to provide a letter of guarantee for the US company's second instalment investment loan. But it asked the US side to find a foreign bank to provide the counter-guarantee. Later, the negotiations failed because the foreign bank the US company found to provide the counter-guarantee was No. 498 on the list of US banks' credit standing and was not acceptable to the Bank of China. The construction of the project has been damaged because the US side cannot pay its share of the registered capital.

Joint ventures which need to import equipment and raw materials can also look to buyer's credits. Since 1979, the Bank of China has signed buyer's credit agreements with banks of 12 countries, involving a total amount of US\$13 billion.

Recently, the Bank of China introduced a new kind of loan, a Renminbi loan mortgaged with foreign currency. The system is simple. The joint venture only needs to mortgage its foreign exchange to the Bank of China to get a loan of equal value according to current exchange rates in Renminbi. No interest will be applied to the mortgaged currency or to the loan. When the enterprise returns the Renminbi loan, it will at the same time retrieve the mortgaged foreign exchange. ■

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# As China Sees the World

**As China Sees the World: Perceptions of Chinese Scholars** (in English)

Edited by: **Harish Kapur**

Published by: **Frances Pinter (Publishers), London, 1987**

Here is one of the few books that are authored by Chinese writers, but edited by a foreign scholar and published abroad. All the viewpoints herein are genuinely Chinese, but many of the original manuscripts have been revised according to the editor's criticism and advice in order to make them easier for foreigners to digest.

All the articles in the book were written in the 1980s, i.e., during a period of a new upsurge of international studies in China. Having read the book, I find that the authors have tried their best to do their research work. And since the authors come from eight different institutions, their viewpoints are quite representative of the general trend of the Chinese thinking on current international relations.

The book is rather comprehensive in its contents, which are divided into three parts. Part I is a macroanalysis of the components of the post-war international system, including the superpowers, the nuclear weapons, the United Nations, the third world, the non-aligned movement, and the New International Economic Order. Part II is a regional study of the crises in the third world—in the Middle East, central America, South Asia, the southern Africa as well as in Kampuchea. And Part III presents four patterns of third world regional integration—the ASEAN, the Gulf Co-operation Council, the Economic Community of West African States and the Andean Group.

This review would be incomplete without a mention of the book's editor Dr. Harish Kapur,

who is a professor of international relations at the Graduate Institute of International Studies in Geneva. He is a China hand and the author of many books on China, among which *The Awakening Giant: China's Ascension in World Politics* is the most well known. Dr. Kapur has been to China

many times. As a matter of fact, it was during one of his visits that he conceived the idea of editing the book together with the China Institute of Contemporary International Relations. So the book can be called a brainchild of his. And the introduction to the book written by him is a chapter of the book in itself, which I think can rightly be entitled: "As a Foreign Scholar Sees China."

by **Chen Qida**

## Major Work on Population Published

A major work entitled *The Population in China* (in Chinese) has been published in 32 volumes by the China Financial and Economic Publishing House. An English edition will be produced to meet the needs of readers abroad.

A study of China's population was one of the major goals set by the Chinese Academy of Social Sciences in China's Sixth Five-Year Plan (1981-85). The State Commission of Education, State Family Planning Commission and Census Leading Group under the State Council were in charge of the research work. The series was compiled by Prof. Sun Jingzhi and co-edited by Chinese demography experts and other scholars. The United Nations Fund for Population Activities helped with the project.

*The Population in China* centres on regional populations. Apart from a general introduction, there are 31 volumes totalling 12 million Chinese characters—one for each province, municipality, and autonomous region, and Hong Kong and Macao.

China has a large population with different conditions and problems in every region. The book not only provides a scientific basis for understanding China's overall population situation, but also offers information for further studies of regional population problems.

The book is comprehensive and accurate and includes concrete analysis. It mainly focuses on the present but also deals with history and future prospects. Together with information on the social, economic and natural conditions in each region, the book analyses various population characteristics including population size, birth and death rates, migration, distribution and urbanization, as well as age and sex, labour force composition, marital status and family composition, and nationality. It also considers birth control and the outlook for future population growth in each region. Many charts supplement the text.

The book was compiled in accordance with demographic techniques, reflecting the new level of population research throughout the country. It combines generality and comprehensiveness with regional information, and is both scientific and practical.

The work is based on national census data from 1953, 1964 and 1982, and on data from a sample birth rate survey made throughout the country in 1982. Routine population registration and economic and population surveys by various state departments were also important sources of data. Materials and examples from investigations by the writers and by each region are also cited.

by **Li Muzhen**

## Changing Attitudes to Occupations

"RENMIN RIBAO"

(People's Daily, Overseas Edition)

Since the implementation of a new recruiting system in Shanghai, great changes have been noticed in people's attitudes to occupations. Jobs in guesthouses and hotels are much sought-after positions and rated as the most preferred occupations as indicated by people enrolling for work. Positions in commercial and service trades were rated second; in engineering, electronics and light industries, third; jobs in the fields of public security and metallurgy, fourth; occupations involving ocean shipping and environmental sanitation, fifth; and those in the textile industry, sixth.

According to the study, three things account for these results:

1. Some professions have little attraction for young people, because they involve heavy labour and low wages. Take women textile workers for example. They perform hard work in three shifts and tolerate high noise levels, yet their bonuses are lower than those of other trades. Not surprisingly, very few people applied for positions in the textile industry when mills started their recruitment drives.

2. Domestic factors can often outweigh excellent pay and

conditions. A large number of young people in Shanghai were once keen to become sailors to allow them to save money for colour TV sets, refrigerators, radio cassette recorders and cameras, now very popular in China. But sailors have to spend a great deal of time away from parents, spouses and children. Housing, caring for parents and sending children to nurseries are problems which are very difficult to resolve. Due to these factors, the number of people enrolling for duties in ocean-going freighters decreases day by day.

3. Young people's attitudes to professions have changed markedly in recent years. A large number of young people consider material benefits and light work as prerequisites when searching for a job. They expect high wages and a work place near their home. The result is that some jobs are inundated by people applying for work, but heavy, dirty jobs are left vacant.

Shanghai's labour department suggested that the whole society should strengthen youth education and encourage young people to work wherever the state needs them most. In addition, some occupations should improve working conditions and benefits by introducing pay rises and increased bonuses.

(September 25, 1987)

## What Do the 'Four Doubles' Mean?

"BAN YUE TAN"

(Fortnightly Forum)

According to statistics collected by the State Statistical Bureau, the values of industrial and agricultural output, gross national

product, state revenue and the average income for both urban and rural residents in 1986 have all doubled over the 1978 values (calculated in terms of 1980's constant prices).

The four doubles mean:

The nation's economic strength

has been raised. Take the output of electric power, steel, coal and petroleum for example. Their positions in the world have raised from 7, 5, 3, 8, to 5, 4, 2.5. In addition, market supplies have greatly increased. The long-term, acute shortage of consumer goods has basically come to an end and the rationing of energy resources and raw material supplies, except for electric power, is gradually being relaxed.

State revenue has doubled and revenues of departments, regions and enterprises have also increased in the past nine years. Extra-budgetary funds in 1986 were four times those for 1978, about 75 percent of the state revenue.

The standards of living in both urban and rural areas have been improved. Since the Third Plenary Session of the 11th Central Committee held at the end of 1978, incomes have increased from one year to the next and living standards have improved day by day with the development of industrial and agricultural production. At the same time, job opportunities have been created on an extensive scale in both urban and rural areas. More and more young people, about 70 million, have taken up occupations and the burdens of caring for parents and children have been lightened. In the countryside, where village and township enterprises have emerged as a new force, 80 million farmers have now moved from farming to industry, either on a full or part-time basis. Furthermore, an overwhelming majority of the population have secured a level of living which satisfies their food and clothing requirements, and people in some areas are even beginning to become well-off.

It is possible for China to raise its gross annual output value for industrial and agricultural production from 710 billion yuan in 1980 to 2,800 billion yuan or so in 2000. Many people, both at home and abroad, were very sceptical

about the objective of economic development set by the 12th Party Congress in 1982. But during the six years from 1980 to 1986, the gross industrial and agricultural output rose from 710 billion yuan

to 1,332 billion yuan. With this record, we are fully assured that by the end of this century we will attain the objective.

(Issue No. 19, 1987)

## Features of the Technological Market

### "JINGJIXUE ZHOUBAO"

(Economics Weekly)

With the in-depth development of economic and technological structural reforms, a picture of prosperity has unfolded in the technological market, which is characterized by diverse forms of organization, a wide range of co-operation, flexible business practice and worldwide technological ties.

The current technological market mainly has the following types of organization:

1. Technology development centres, established in recent years by the various provinces, prefectures, cities, counties and townships to promote the development of local economies. Their activities involve technological transfers and provide technical training, consultation, development of technology, co-operation and information exchange.

2. Technological co-operation networks formed by universities, scientific research institutions, and city and county-level technical organizations. Their functions are to promote the application of achievements in scientific research to production and closely integrate science and technology with the economy.

3. Consultative networks and organizations formed in all parts of the country by the Chinese Association of Science and Technology and its branch organizations.

4. Mushrooming scientific and technological companies run by local people. This type of company mainly manages techn-

ological consultations, and the transfer of technology, technical services and product design. They serve both large and small-scale enterprises, township-run enterprises and government departments.

5. Some joint-stock research and production corporations. Coming into being only in recent years, these independent units have greater decision-making power and assume sole responsibility for their profits and losses. Income and losses are distributed to the stockholders. The units deal mainly with the transfer of technology, technical consultation and technological services.

6. Industrial design institutes jointly established by retired engineers. They mainly engage in design and intermediary services.

7. More than 72,000 technological associations in China's rural areas. They are independent scientific research organizations made up of farmers providing a range of services extending from the exchange and study of production skills to scientific and technological research, personnel training and technical services.

The reform of the scientific and technological management system has strengthened the scientific research institutions and productive units. For instance, the localities or enterprises engage technicians from universities and scientific research institutions to develop the local economy, enterprises and scientific research units establish long-term co-operation to jointly develop new products and establish technological and economic unity, and various scientific and technological service groups have been

established in various professional research institutions.

Scientific and technological co-operation between different regions has been encouraged and regions actively assist one another in meeting immediate needs and ensuring ongoing progress.

The transfer of scientific and technological achievements operates in line with the provision of materials and equipment by supply departments and of market products by the commercial departments. Thus, technology, industry and marketing are all part of a co-ordinated process.

Trade talks in today's technological market centre on the establishment of joint corporations and enterprises for technological development, and the transfer of patent and advanced technology. The scope of business is also expanding from urban areas to the whole country, from unitary trade to co-operation and trade between different departments and regions.

In recent years, China has established scientific and technological relations with 106 countries, signed co-operative agreements on science and technology with 54 countries and participated in 250 related international forums and events.

(August 30, 1987)

**CORRECTION:** In Issue No. 45, p. VIII of Zhao Ziyang's report to the 13th National Party Congress, on the right column, lines 13-22 of the second paragraph should read: "basic balance between them. In all our practical work we must make a correct assessment of the situation, take the initiative promptly to remedy the imbalance in economic activities and regularly make minor adjustments so as to avoid the major adjustments that would have to be made in the event of a serious disproportion between different sectors. We must resolutely stop the waste and extravagance prevalent in state organs, enterprises, institutions and social organizations. We must take resolute measures to control the trend of excessively rising prices which has emerged this year."

## Technology Export Fair Held in HK

China is holding its first technology export fair in Hong Kong on December 4-13.

Sponsored by the Ministry of Foreign Economic Relations and Trade, it involves 22 of China's best technology export companies. On exhibition are 1,779 pieces of technology including computer hardware and software. One hundred of them have registered patents in China and abroad. 85 are international prize-winners and 109 have received domestic awards.

The stereoscopic colour television technology developed by the Tianjin Civil Aeronautical Engineering Institute, for example, leads the world and was awarded the science and technology minister's special prize and a gold prize at the 36th Eureka World Fair in Brussels. With this technology, the Dongfeng Television Factory in Beijing has developed new products.

Medical devices that warn of impending death in a heart patient and devices for treating diseases by *qigong* (deep breathing exercises) are also Chinese inventions.

China has exported technologies valued at about US\$100 million this year. Included are satellite launching, computer, medicines, and medical equipment technology. The exports have been going to the United States, Japan, France, Britain, Federal Germany, Italy, Belgium, Switzerland, Canada, Democratic Germany, Poland, Romania, Austria, Bangladesh, Pakistan, Iran, Sudan, Tanzania, Hong Kong and other places.

A fair similar to this one is planned for later next year in Shenzhen, Guangdong Province.

About 1,000 technologies will be offered by more than 40 companies from various provinces and municipalities as well as Tibet and Xinjiang Uygur autonomous regions.

by Liu Jianjun

## A Service Centre Opens in Beijing

After the setting up of the Chinese Foreign-Funded Enterprises Association in early November, a new service centre for foreign-funded enterprises, opened in Beijing on November 25. The centre will provide consulting and agency services, and facilitate relations between enterprises and government departments.

The centre is aimed at improving the investment environment and helping foreign-funded enterprises overcome difficulties in management and production in accordance with China's laws and regulations, contracts signed between the two sides and internationally recognized practice; and allowing them to make profits on the basis of equality and mutual benefits.

Zhu Rongji, vice-minister of the State Economic Commission, said at the opening ceremony that the Chinese government has approved the establishment of 8,984 enterprises with foreign investment, 4,000 of them having been put into operation. Of the 4,000 enterprises now in operation, one-third have kept a balance of foreign exchange, one-third, though in good condition, have been unable to maintain a foreign exchange balance; and the remaining one-third have had poor management and brought in no returns because of less experience or a poor start.

Zhu said the Chinese government will take effective steps to help those technically advanced ventures and export-oriented enterprises to survive. But, he said, some joint ventures have been

closed or gone bankrupt in recent years.

The new centre, sponsored by the China International Economic Consulting Co. and the Foreign Co-operation and Co-ordination Centre for the China's Small and Medium-Sized Enterprises, employs about 100 specialists, including engineers and technicians, commercial experts, lawyers and accountants.

by Yao Jianguo

## China Limits Bus Imports

In order to promote the development of the domestic bus industry, the State Council has recently issued new restrictions on importing buses.

It was stipulated that outside the fulfilment of long-term government trade agreements and technical trade contracts, no department or unit may import any more vehicles, including Jeep vehicles, tourist buses, special maintenance vans, and components and spare parts. The new restrictions say that no department or enterprise may negotiate to import foreign design and manufacturing wherewithal without the approval of the State Council.

Since 1984, foreign vehicles have been coming into China in an uncontrolled and unco-ordinated way, undermining the development of China's auto industry. It is expected that this trade will soon be brought under control, but recently things have been a little out of hand. Certain departments have been seeking to import buses and expand imports of components and spare parts beyond their financial power. In addition, certain other enterprises are discussing importing the design, and manufacturing technology and parts of foreign buses. It is to prevent all these undesirable activities that the new regulations were brought in.



An exhibition hall of the China International Exhibition Centre.

ZHANG TONGSHENG

## Beijing to Host 53 International Fairs

In 1988 and 1989, the China International Exhibition Centre (CIEC) will host 53 international exhibitions. The major exhibits will be machinery and electronics, and printing, energy, textile, transport, foodstuffs and defence equipment.

In order to make CIEC a major Asian trading focus, Lu Fengchun, CIEC's general manager, says the centre is seeking to hold regular international fairs and special exhibitions. Up to now nine regular international exhibitions, including those on defence and printing technology, have been agreed upon.

CIEC which is under the China Council for the Promotion of International Trade has organized and hosted over 50 international exhibitions since it opened in 1985. At these exhibitions, foreign businesses signed several hundred letters of intent with China, and held over 1,000 technological seminars. Most of the equipment on display at the exhibitions were bought on the spot.

The largest exhibition area in

China, CIEC has 60,000 square metres. To expand its scope and provide service at accepted international standards, it is now in the process of building a comprehensive service building, an additional 50,000-square metre exhibition hall and a hotel with several hundred rooms.

by Liu Jianjun

### Credito Italiana Comes to China

Credito Italiana opened an office in Beijing in mid-November. The city has more than 180 such offices established by foreign banks.

Speaking at the opening ceremony, Credito Italiana president Nataline Irti said, "After several years of observation and preparation, our bank has entered the Chinese market. We come late but in good time. The aim of our bank is to improve contacts with our Chinese counterparts through our office in Beijing, provide Chinese economic information to

Italy and encourage Italian companies to enter the China market. At the same time, our bank will work hard for the export of Chinese products to the Italian market."

He added, "Sino-Italian co-operation covers a wide field. To date Italy has co-operated with China in radio engineering, chemicals production and automobile manufacturing. China can help Italian industry especially with raw materials and semi-finished products.

"The bank will first of all think over encouraging Italian undertakings to offer their advanced technology and equipment to China."

Irti predicted that the establishment of his bank's Beijing office will benefit the development of financial relations between the two countries. When its business expands, the bank will establish offices in other provinces and cities.

Credito Italiana is the fourth Italian bank, which has established an office in China.

by Liu Jianjun

### News in Brief

■ The Nonfemet-Australia Die Co., a joint venture run by the Australian Extrusion Machine Co. (51 percent), China's Shenzhen Nonferrous Metal Integrated Co. and the Hengyang Nonferrous Metallurgical Machinery Factory, went into operation on November 16 in Shenzhen.

The company is expected to produce 6,000 sets of extruding machines a year and export 60 percent of them. The company already has one million yuan's worth of orders from Chinese and foreign customers.

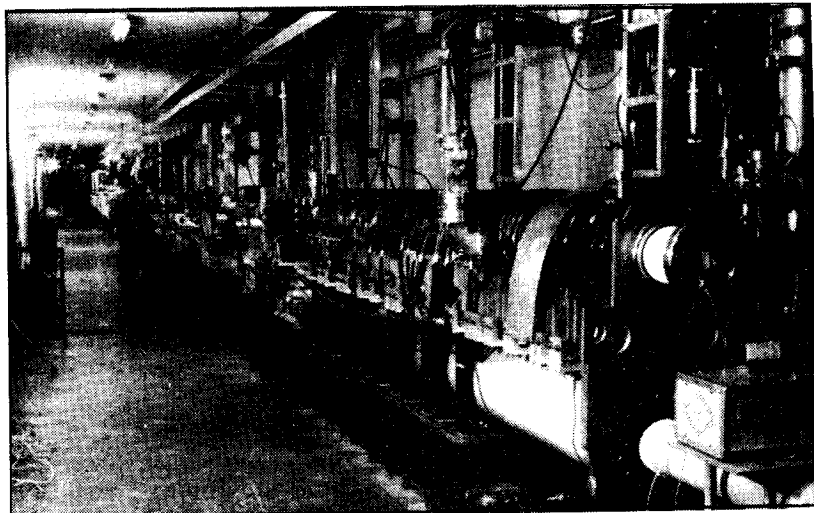
■ China and Burma concluded a loan agreement on November 16 in Rangoon. China will provide the loan interest free to build a double bridge in Burma—one a road bridge, 2,151 metres long, the other a rail bridge, 2,938 metres long. The bridge is expected to be completed in 1992.

# Electron Collider Comes Up to Expectation

The Beijing Electron Positron Collider (BEPC) successfully produced the required positrons in a recent experiment which was the culmination of three years' building. The intensity and energy of the positron beam is close to the theoretical calculation. It shows that China's technology in this field is very near the world's most advanced level.

The Institute of High Energy Physics of the Chinese Academy of Sciences started the construction of the BEPC in October 1984 and the project has proceeded smoothly. By now the key equipment has been completed and functional qualities are at or near world level. The 1,400 Mev electron linac which is about 200 metres long has been installed for testing; the two two-way beam transport lines, totalling more than 200 metres, have also been completed. The storage ring (except for the vacuum chamber) 240 metres in girth, and the main body of the detector are all ready and being tested.

A high energy electronic particle beam provided originally



The tunnel of the EPC electron linac.

LIU JIE

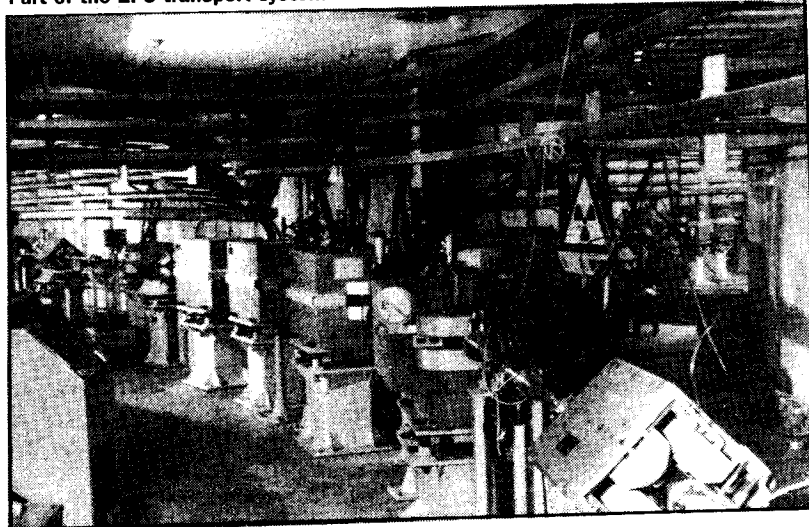
by an accelerator can cause violent changes in elementary particles, just as high-speed bombs can destroy solid fortresses, thus the internal structure and movement patterns of the particles are revealed. The higher the energy of the accelerator, the more detailed the information obtained.

The high energy particle beam obtained by using accelerators is

usually used to evoke high energy reactions by bombarding a solid or liquid target. However, a large quantity of energy is wasted during the process, for it has turned into kinetic energy without being involved in the reaction. But if two beams of particles with equal energy are accelerated into collision, the entire energy produced can be involved in the reaction. Thus the EPC is born: a form of advanced accelerator.

Part of the EPC transport system.

LIU JIE



In December 1982, the scientists at the European Nuclear Research Centre made an experiment on an accelerator with a diameter of four miles. They made a particle beam moving at a speed close to that of light collide with another one of the same speed coming from the opposite direction. The two went into annihilation in an explosion of power. An international physicist group recorded and analysed over one billion such small "fire balls" and in the reaction, scientists discovered and recorded the W-particle five times. Three scientists won the Nobel Prize for predicting the existence of such particles and the two



scientists who verified it also won the Nobel Prize.

What the Institute of High Energy Physics has constructed is a 2.2 GeV EPC which consists of four key parts: an injector, a storage ring, a detector and synchrotron radiation facilities. The injector is a 200-metre-long electron linac which can accelerate electrons and positrons. They are injected separately into the storage ring through the beam system and circle in opposite directions. When enough electrons and positrons have been accumulated in the storage ring, the magnetic fields grow higher and at the same time, high-frequency power is put in to raise the energy of the electrons and positrons and make them accelerate. When the energy reaches 2.2 GeV, the collision begins. A detector is installed to detect what kind of particles are produced during the process as well as the particles' energy and momentum. The information is fed into the computer for analysis.

The detector is 5-6 metres in length, width, and height, and weighs about 480 tons. It has over 20,000 electronic channels. On the main drift chamber, 20,000 holes

with a tolerance of 18 micron metres in diameter were drilled and 20,000 gold plated tungsten wires thinner than a hair were fixed. Each piece of wire must meet the strict requirements of tension, leak current and so on. The electric potential of the wires differs from zero to several kv. Any short circuit from the slightest dislocation or breakdown will ruin the whole experiment. However, it has been done successfully.

The Institute of High Energy Physics of the Chinese Academy of Sciences was founded in 1973 from the original Institute of Modern Physics which was set up in 1950. At present, the institute has more than 1,000 scientists and its present task is to build itself quickly into a national laboratory, to be a top research centre of high energy physics experiments and theories, synchrotron radiation, cosmic ray, accelerator physics and techniques for scientists throughout China. Several national laboratories in the United States have decided to order key parts for electron linacs from the Institute of High Energy Physics in Beijing.

by Wei Liming

championships.

The women's team has made notable progress since competing in the world championships for the first time in 1983. Last year at the World Modern Pentathlon Championships held in Italy, the team gained sixth place in the women's team events. Zhong Hua gained sixth place in the adult's individual events.

The starting progress of the Chinese teams has won them public acclaim in international sports circles. In 1986, China was awarded a prize issued by the International Union for Modern Pentathlon.

The modern pentathlon originated in Sweden in the second half of the 19th century. To distinguish the event from the ancient Olympic pentathlon (javelin throwing, short-distance running, discus throwing, wrestling and long jump), it is called the "modern pentathlon." The International Federation for the Modern Pentathlon was established in London in 1948. The world championships in this event have been held every year since 1949. At present, the USSR, Hungary, Sweden, Great Britain, France and Italy are the world leaders in the event.

Since 1981, more than ten provinces, municipalities, and autonomous regions including Guangdong, Inner Mongolia, Shandong, Shanghai, Jiangxi, Henan and Tianjin have established a modern pentathlon team. There are now almost 100 competitors in the event in China. ■

## Music Craze In Guangzhou

In recent years, with the open policy and rising living standards, Guangzhou has been hit by a music craze. Many parents are spending their money on the development of their children's

## Modern Pentathlon — China's New Sports

The modern pentathlon, which has only just been introduced to China's sporting world, is listed for the first time as a formal event in the Sixth National Games held not long ago. At the games, 59 players from 11 provinces and autonomous regions took part in the event.

The modern pentathlon is called the "sports of life" in international sport circles. It is a comprehensive competitive event, consisting of five separate events including horse-riding, fencing, shooting, swimming and cross-country running. China began to organize a modern pentathlon team as late

as 1981, but has since made rapid progress. In 1986, the men's team, participating in the event for the first time, won second place in the Asian qualifying competition of the world modern pentathlon championships held in Japan. Fan Bing bettered the qualifying score of 4500 and qualified for the world championships. In the Asian qualifying competitions held in 1984, the men's team placed second, and two team members bettered the qualifying score to win them entry into the Olympics. This year, the men's team once again was qualified to participate in the world

musical talents. Classes for learning musical instruments have sprung up like mushrooms after rain. Although the price of Guangzhou-made Zhujiang pianos has increased from some 1,000 yuan to over 3,000 yuan, supply falls short of demand. An estimated 1,000 children in Guangzhou are learning to play the piano. Meanwhile according to Li Zili, an associate professor of violin at the Guangzhou Conservatory of Music, more than 10,000 children are taking violin lesson.

Many teachers and students at the conservatory have become active in teaching at the part-time school, established in 1983, where Li acts as dean of studies. The school is now one of the largest of its kind in China, with over 1,200 students studying 18 specialities including piano, violin, *pipa* (a fretted 4-stringed guitar-like instrument), dulcimer and choral singing. The students also give performances. In a recent performance, 40 students in the piano class performed successfully. The class comprises more than 100 children ranging from 4-11 years of age.

The Guangzhou Philharmonic Orchestra opened a music centre which now has 500 children studying piano, accordion, violin and vocal music. The centre is renowned for its qualified teachers, regular training and the notable results it produces.

Another piano training centre established by the Guangzhou Piano Plant with its abundant funds and good equipment attracts more than 200 piano students. The plant was the first to sponsor a contest among the city's young piano players and that for children pianists of Guangzhou, Hong Kong and Macao.

Children's palaces in Guangzhou have also opened a number of children's art centres, where thousands of children are now being trained by several hundred enthusiastic experts. Earlier this year, 160 children from the Skylark Art Centre of Dongshan

District performed orchestral music at a local music festival. They played correctly, harmoniously, with senses for strong and weak notes. Children from the Spring Swallow Art Centre in Yuexiu District performed as an ensemble of traditional instruments, playing such difficult classic pieces as *Rain on Bajiao Banana* and the *Peacock Spreads Its Tail*, and modern pieces like the *Happy Children*. Students from the art centres of two other districts presented vocal performances which included the *Blue Danube* and *Echo*. All the performances indicated a sound grasp of basic skills and the experts received them most favourably.

Friday is a training day for the students of the Seagull Art Centre run by the children's palace in Huangpu District. The centre is 20 km from the urban district and the 200 children attending lessons there are mainly from the families of employees of the nearby factories, docks and shipyard. Either in the afternoons or in the evenings, group lessons are held for accordion, violin and guitar, and the piano is taught individually. Of the teachers at the centre, ten are from the Guangzhou Conservatory of Music. The centre has also started dance classes, as well as courses in painting and calligraphy.

One afternoon after rain, our correspondent visited Professor Li Zili while he was teaching a violin lesson. Altogether 21 students of his class were present, most of them accompanied by their parents. The students first went through their scales either individually or collectively under the instructor's bid in the first 45-minute lesson, and then they were separated into four groups to play a lullaby and sonatina.

During the class, parents took notes and listened intently to Li's lecture. They often repeated the teacher's words in a low voice and gave their children extra instructions. The mother of an eight-year-girl said that both she and her

husband worked at a local smelting works. Their youth had been difficult due to the "cultural revolution" and they now wanted to give their child a good education. Two years ago, they bought a piano for their daughter and every Sunday they send her to the urban district to take lessons. Their daughter also takes singing lessons. Now the girl is taking violin lesson. Every morning she practises the violin and after supper she plays the piano.

According to the head of the art centre, this situation is not rare, but teachers recommend that parents consider the psychological and physiological capabilities of their children and encourage them to learn only one skill. ■

## News in Brief

### Disco Dancing

Retired people in Guangzhou are taking up disco dancing for entertainment and health.

In the early morning every day, groups of aged men and women can be seen along riversides and sidewalks twisting to music from pocket tape-recorders.

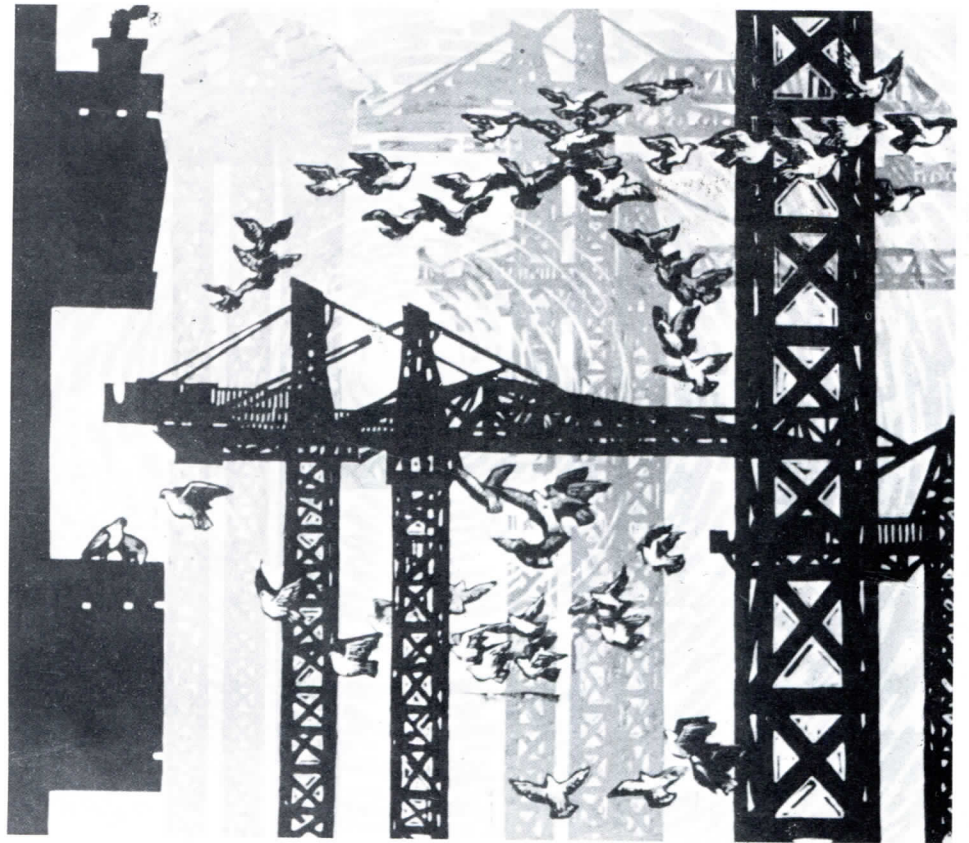
According to a municipal official, more than 8,000 old people have been participating in regular disco sessions run by the city's cultural centres.

### Art Troupe in US

China's national art troupe of dancers and acrobats is presenting American viewers with dazzling acrobatics and dances that reflect the life of ancient China and the modern life of different nationalities.

The Chinese art troupe has given 13 performances in the United States since October 29 when it completed a successful tour of Mexico.

Flying birds.



A peacock girl.



## Woodcuts by Dong Xu

Dong Xu, born in 1941 in Cixian County, Hebei Province, now teaches at the Department of Arts of Henan University.

Dong, whose eye picks out the inner beauty of things around him, loves life and puts that love into the pieces he creates. These are some of his coloured woodcuts.

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**ART PAGE**

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