

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

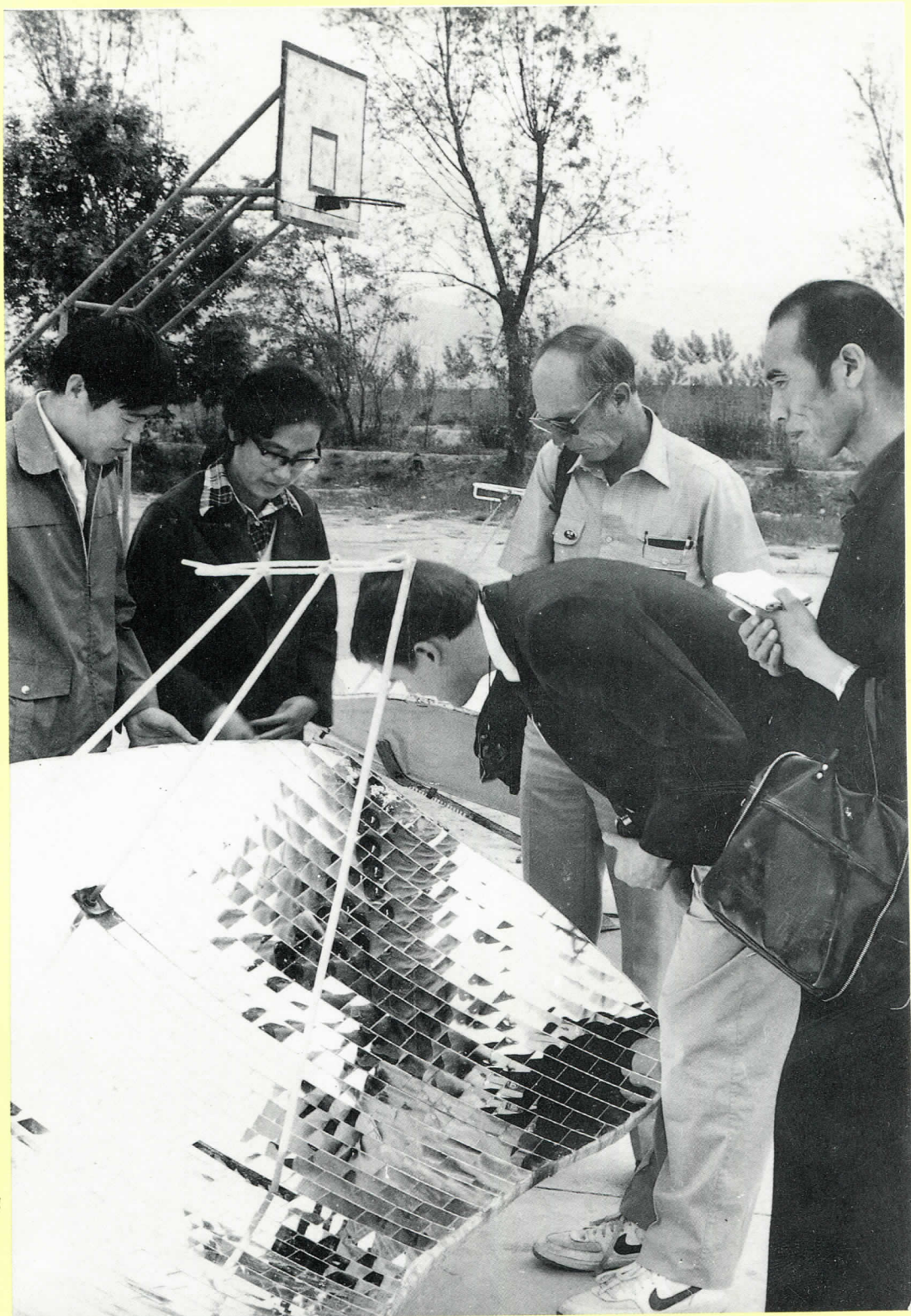
北京周報

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## Away With Dogmatism & Ossified Thinking



**WHAT DOES REFORM  
MEAN TO  
SHOP ASSISTANTS?**



Solar energy equipment in rural Gansu Province.

*by Wang Zhenshan*

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<b>COVER:</b> Du Xuechang, a model salesman at the Beijing Department Store on Wangfujing Street (right), with customers.	

Chen Zonglie

## HIGHLIGHTS OF THE WEEK

### Zhao Sends His Condolences to Taiwan

■ In a message of condolence over the death of Chiang Ching-kuo, General Secretary Zhao Ziyang reaffirmed the CPC policy of peaceful reunification of the Chinese nation. In the message Zhao also expressed his appreciation for Chiang's support of the "one China" policy and his efforts to help relieve tensions between people on both sides of the Taiwan Strait (p. 5).

### A Tribute to Rewi Alley

■ Rewi Alley, a New Zealander and great contributor to China's revolution and socialist construction, died in Beijing last month at the age of 90. *Beijing Review* carries a tribute to him by Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries (p. 17).

### Peace Eludes Central America

■ The August 7 peace accord and a more flexible approach to regional problems by the two superpowers have eased tensions in Central America. But there are many factors which could damage the prospects for peace. The key one is that the United States still follows its Central American policy (p. 19).

### How to Achieve Regional Stability

■ Regional wars and hostilities pose a threat to world peace and stability. Eliminating the hot spots requires the removal of three main causes lying at their root. As a matter of principle, all issues should be resolved through consultation between the parties concerned (p. 4).

### Away With Dogmatism & Ossified Pattern

■ The thesis of China's primary stage of socialism paves the way for further economic and political reforms. But the road ahead is still barred by dogmatism and an ossified economic structure. In this article, Xue Muqiao, a famous Chinese economist, explains the situation from the perspective of China's economic evolution and post-war world history (p. 14).

### Sales Assistants in Reform

■ Although customers still complain about poor service in state shops, the attitude of sales assistants is gradually changing in shops where reforms are successfully being carried out. In the Beijing Department Store, efforts are being made to further improve service through the implementation of a fixed quota system (p. 22).

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# Road to the Elimination of Hot Spots

by Wan Guang\*

Many hot spots dot the international landscape. Wars and hostilities pose a direct threat to peace and stability in these regions. But this world of ours is an inseparable entity. Hot spots are bound to disturb the calm elsewhere.

It is urgent and crucial for third world countries to safeguard and consolidate their national independence and concentrate their energies on developing their national economies. Regional wars and hostilities in the third world not only devastate the countries and areas that are directly involved, but also drive their neighbours into reluctant and heavy military expenditures for security purposes. Indeed, immense energy has thus been wasted in the third world.

No wonder hot spots and regional stability are matters of worldwide concern. We believe the following three main causes lie at the root of hot spots in the contemporary world.

First comes direct or indirect superpower aggression and intervention. This is what happened in Afghanistan and Kampuchea. Tensions in Central America can also be traced to superpower intervention.

The second cause is invasions and military provocations by expansionist regional powers. In the Middle East, Israeli expansionist forces have devoured large tracts of Arab land, denied the Palestinian people their right to national self-determination and engaged in endless military

provocations against the Arab countries. In southern Africa, Pretoria not only maintains its racist rule at home but also hangs on in Namibia and makes incessant raids into the territory of its neighbours. Behind expansionist regional forces stand the superpowers.

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***Tensions in the contemporary world come from the superpower arms race as well as from regional hot spots. A genuine relaxation of the international situation demands both checking the arms race and eliminating hot spots. This requires enduring efforts by all countries.***

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The third cause of hot spots lies in contradictions and conflicts among third world countries. The superpowers cash in on these contradictions and conflicts. The more than seven-year Iran-Iraq war is a case in point. The superpowers have seized this opportunity to expand their influence and enhance their military presence in the Gulf region, further exacerbating the tension there.

In the spirit of logic, the elimination of hot spots in the pursuit of regional stability should start with opposition to and prevention of superpower aggression and intervention. It should be noted that while seeking partial agreement on arms control and other issues, the two superpowers are at the same time engaging in a new round of the arms race and contending for

regional superiority. While the United States is actively scheming for "wars of low intensity," mainly meant for the third world, the Soviet Union is intensifying its activities in the same vast area of the globe. Some analysts of international affairs believe that given a limited relaxation in bilateral relations between the superpowers, third world countries will increasingly become their bone of contention, leading to aggravated tensions here and there.

The second way to eliminate hot spots is to oppose and check expansionist regional forces. Superpower backing of these forces and marriages of convenience with them have rendered opposition to the expansionist regional forces a strenuous and time-consuming process, which requires united, unswerving efforts on the part of countries in the affected areas.

We are in favour of eliminating the world's hot spots through peaceful negotiations that lead to political settlements. But the settlements should be fair and reasonable and guarantee the independence, sovereignty and territorial integrity of third world countries subject to external aggression and intervention. The withdrawal of Soviet troops from Afghanistan and Vietnamese troops from Kampuchea is the crux of a settlement of those disputes. Similarly, in the Middle East, Israeli troops should pull out of the Arab lands they have occupied since 1967, and the right to national self-determination of the Palestinian people should be established.

As for contradictions and hostilities among third world countries, naturally they should be resolved through peaceful and patient consultation. Generally

\* Wan Guang is our guest commentator and a member of the Executive Board of the Centre for International Studies under the State Council and a professor in the Department of International Politics at the People's University of China, Beijing.



## Zhao Sends His Condolences to Taiwan

In a speech extending condolences over the death of Chiang Ching-kuo, chairman of the Chinese Kuomintang, Zhao Ziyang, general secretary of the Communist Party of China (CPC), reaffirmed that the Party's policy for peaceful reunification of the Chinese nation will remain unchanged.

The CPC Central Committee also sent a message of condolence for Chiang's death on January 13 to the Chinese Kuomintang Central Committee.

"Chiang Ching-kuo upheld a 'one China' policy, opposed the 'independence' of Taiwan and stood for the reunification of the country. He said that he would not let history down and made certain efforts to help relieve tension over the relations between people on the two sides of the Taiwan Strait," Zhao said.

At a time when the Kuomintang leadership is being replaced, Zhao said, "We reaffirm that our Party's principles and policies for the peaceful reunification of the motherland will remain unchanged."

He said the CPC hopes that the new Kuomintang leadership will size up the situation in line with the fundamental interests and common aspirations of the

Chinese people, work to build up the promising momentum that has begun to appear in the relationship between people on both sides of the Taiwan Strait, and make a positive contribution to ending the division of the country and realizing peaceful reunification as soon as possible.

"The people of Taiwan have a glorious patriotic tradition, long for reunification and oppose division. Together with compatriots residing in Hong Kong, Macao and overseas, they have in recent years made efforts for peaceful reunification and for peace talks between the Communist Party and the Kuomintang," Zhao said.

"We wish to discuss affairs of state with people from all fields in Taiwan to accomplish the great task of the reunification of the motherland and invigorate the Chinese nation," he added.

"We sincerely hope to see stability and social tranquility, as well as the continued economic growth and happiness of the people in Taiwan."

**Qu Wu's message to Chiang's widow.** Qu Wu, honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, sent a telegram of condolence to

speaking, there are two kinds of disputes in the third world — those left over from the past and new ones that have cropped up since independence. Many problems in the first category are the evil consequence of the colonialist policy of "divide and rule." Several third world countries have settled their differences and disputes fairly through consultation in the spirit of mutual accommodation, without foreign intervention.

As a matter of principle, issues in all parts of the world should mainly be resolved through consultation among the concerned countries in the region. The superpowers are constantly conducting bilateral negotiations over hot spots behind the backs of the states involved. Historical experience in the Middle East and elsewhere reveals that superpower compromises and trade-offs are usually at the expense of the rights and interests of the countries directly concerned. This is what people everywhere should guard against and fight.

In short, tensions in the contemporary world come from the superpower arms race as well as from regional hot spots. A genuine relaxation of the international situation demands both checking the arms race and eliminating hot spots. This requires enduring efforts by all countries.

**After a separation of 30 years Mr. Chun Sheng (middle) joins his family to travel along the scenic Lijiang River in Guilin.**

by Du Xin



Chiang's widow, Fang-Liang, in Taipei.

Addressing her as "dear sister," Qu said, "Ching-kuo was a lifelong patriot. Yet, just as he was preparing to put his talents to work to achieve the peaceful reunification of the motherland, he made an untimely departure from this realm, leaving me in a state of great regret."

Qu Wu and Chiang Ching-kuo had a friendship that lasted for two generations. They once studied together in the Soviet Union.

"I hereby send my message of

condolence with the hope that you will be able to restrain your grief and take good care of yourself. Please burn incense and pray on my behalf over Ching-kuo's coffin," he said.

Meanwhile, according to reports from Taipei, Lee Teng-hui, Taiwan's former "vice-president," assumed the post of "president" following Chiang's death.

Born in Taiwan's Taipei County in 1923, Lee studied in Japan and the United States and is a member of the Central Standing Committee of the Kuomintang.

important milestone in the annals of Sino-Portuguese relations. We are confident that, in the years to come, our two sides will make joint efforts to push the friendly relations and co-operation between our two countries in various fields to new highs."

Portuguese Ambassador to China, Octavio N. Valerio, said that in a way befitting two sovereign states, a harmonious and exemplary transfer of administration of a territory had been sealed.

"The agreement in itself has been widely welcomed as a formula for the solution of some difficult international problems, namely, the establishment of consultation and information machinery between our two countries.

"It is an example of peace, co-operation and progress, and it will remain a landmark in the history of Portugal and the People's Republic of China."

Valerio said that both the Portuguese and Chinese governments will abide strictly by the terms of the agreement. On the strength of this new and pragmatic foundation, the Portuguese government will pursue its efforts to maintain social and political stability and promote the economic development of Macao and its people.

## Sino-Portugal Declaration Comes Into Force

The Chinese and Portuguese governments exchanged instruments of ratification of the joint declaration on the question of Macao in Beijing on January 15.

With this, the joint declaration of the two governments on the Macao question comes into force.

The joint declaration was officially signed by Chinese Premier Zhao Ziyang and Portuguese Prime Minister Cavaco Silva in Beijing on April 13, 1987, and ratified by the Chinese National People's Congress Standing Committee and the Portuguese Parliament on June 23 and December 11 respectively last year.

The exchange also marked Macao's entry into a transitional period, which will last until December 19, 1999. The Chinese government is scheduled to resume the exercise of sovereignty over Macao on December 20, 1999, in accordance with the joint declaration.

Zhou Nan, vice-minister of Foreign Affairs, described the exchange of instruments at the exchange ceremony as the accomplishment of "a task of great historical significance."

He said that in the next 12 years it was the joint responsibility of

the governments of China and Portugal to continue to maintain and promote Macao's social stability and economic development and to ensure a comprehensive implementation of the joint declaration and smooth transfer of government in 1999 to accord with the common interests of all the Chinese people, including compatriots in Macao, and the Portuguese people.

He expressed the belief that both China and Portugal will make unremitting efforts and engage in close co-operation towards these ends.

He noted that successful settlements to the Hong Kong and Macao questions in succession have given eloquent proof of the highly-scientific nature and the rationality of the great concept of "one country, two systems."

"The concept has exerted, and will continue to exert, a far-reaching impact on the great cause of the early reunification of Taiwan with the mainland, and will provide a solid foundation for the ultimate realization of this grand goal," he said.

"The successful settlement of the Macao question marks an

## College Graduates To Choose Jobs

Students who enrol in China's institutions of higher learning next year will be allowed to choose jobs after graduation instead of being assigned work by the government.

Changes in the current job-assignment policy were discussed at a special State Education

Commission meeting held early this month.

The new policy will go into effect in 1993. Universities and colleges will supply employers with information about their students one year before their graduation, and employers will inform universities and colleges of their requirements. With a recommendation from their school and information on prospective employers, graduates will be able to select the job they would like to have. They will then have to pass an employment examination before signing a contract.

The change means that China's university graduates will no longer automatically become state employees after graduation—they will be free to choose any job. And the government will no longer be responsible for unemployed graduates.

The change is considered to be imperative under China's current circumstances. As the country turns to a planned commodity economy, the job-assignment system has come into conflict with the emerging economic system and has been causing problems, said one official in charge of student affairs.

Last year, more than 5,000 college graduates out of 360,000 were rejected by their assigned employers, he said.

An increasing number of graduating students disapprove of the system and have taken the initiative to seek suitable jobs for themselves.

A staff member in the personnel division of the China International Trust and Investment Corp. said the company receives more than 20 telephone inquiries about jobs every day and more than 10 students a day come in looking for jobs.

Other companies are in the same situation as university students' job preferences shift away from government organizations and institutions. Today's university students are attracted to competition and efficiency, investigations show.

Jobs in big cities and large enterprises and institutions are generally all filled. Trained people are badly needed in some underdeveloped mountainous and border areas, and in small and new enterprises in the countryside and medium-sized and small cities, but many students do not want to work in these places.

To guarantee that enough

graduates go to remote and backward areas each year, the central government will continue to provide special funds for students who promise to go to such areas after graduation.

More than 20 postgraduates and 300 university students in Chengdu, the capital of Sichuan Province, have volunteered to work in small communities and rural factories after they complete their studies this autumn. *Guangming Daily* reported on January 9.

The paper commented that it hopes their example will help others to see that bright prospects exist beyond the big cities and offices.

The State Education Commission thinks that the reform will alter the relationship between the government, schools, students and employers, and will create a new student placement system which is better suited to the country's maturing planned market economy.

A postgraduate student at China People's University in Beijing said that having students to choose their own jobs poses a challenge not only to China's personnel system and university student job placement system, but also to the backward working habits which result from the lack of competition and efficiency. The new system will encourage students to do better, the student said.

The new job placement system is part of a series of educational reforms which includes revamping the college entrance system, student administration and fund allocation.

Beijing's Qinghua University and Shanghai's Jiaotong University are already trying out the new job placement system, but most schools will not implement the policy until 1993. ■

**Eight students of the Hefei Industrial University in Anhui Province earn about 20 yuan (about US\$5.3) every month, sweeping the campus in their spare time.**

by LU XUNCHENG



## Personal Ties Hamper Reforms

China's economic reforms are hindered not only by economic factors such as a lack of funds but also by non-economic factors including complicated human relations and old-fashioned ideas.

A survey of enterprises in 18 provinces and municipalities conducted by a group of economists last year showed that non-economic factors are seriously impeding the spread of reform.

The researchers sent out 1,800 questionnaires, of which 1,400 were returned and 1,075 considered valid. Of the people surveyed—aged 44 on average—29.7 percent were factory directors, 24.1 percent Communist Party secretaries, 24.7 percent administrative staff, 7.5 percent technicians and 13 percent workers.

Asked about the relation between their factory directors and Party secretaries after the factory director responsibility system was implemented, 27.6 percent of the respondents said they have developed only so-so relations and sometimes run into friction.

An additional 6 percent said the two parties often disagree, and 4 percent said they do not try to cooperate and come into conflict too frequently.

In other words, the top leaders of more than one-third of the respondents do not co-ordinate their management efforts. This figure cannot be ignored. Split views and contradictory decisions hurt business.

The rest of the directors and Party secretaries are considered to have good business relations. Of those surveyed, 15.6 percent said that is because their "enlightened secretaries support their directors," while 8 percent put it the other way round. About 64

percent attributed the smooth relationship to mutual understanding and respect between the two, and 3.2 percent said it is because of friendly private relations.

Analyzing these figures, an article in the overseas edition of *Outlook Weekly* by two of the economists pointed out that the present system cannot guarantee steadfast co-operation between the two parties as long as it is human relations instead of rules and regulations that unite the two and determine their responsibilities.

There is an urgent need to reform the irrational organizational structure to ensure that co-operation is immune from the personal interests and prejudices of either side.

It is generally accepted that a strict managerial system is indispensable in modern economic operations. However, a lot of managers seem to give more importance to private contacts and exchanges with friends, relatives, schoolmates and people from the same home town than to following rules and regulations.

This is because of the pernicious influence of 2,000 years of feudalism in China, during which society was ruled by the will of emperors and officials, not laws, the article says.

Sometimes this influence can be so great that rules give way to private relations on questions of employment, promotion, pay rises or disciplinary action.

More than 60 percent of the survey respondents disagreed with

the idea that a factory director should follow strict rules and disregard personal relations in business management. Only 37 percent were in favour of the idea.

One of the most important economic reforms China is undertaking is delegating decision-making power to enterprises. Enterprises use this power to develop in accordance with market demand.

The survey reveals that 31 percent of the respondents still think that the administrative offices which formerly managed enterprises should continue to help run them.

The lack of an advanced market system—in which enterprises can get anything they want and sell their products without difficulty—is probably an important reason behind this opinion and justifies it, the article says.

But the respondents are accustomed to a over-centralized planned economy, which the ongoing reform is intended to change. They still regard fulfilling the state's plan as their sole goal, whereas the modern economy taking shape in China demands that they orient their planned production to the market and strive for a broader market share.

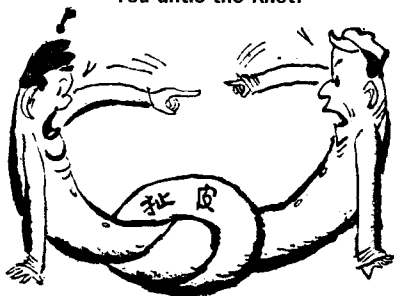
It is inevitable that people's ideas will change as the economy changes and their living conditions improve, the article says.

## Sinochem to Widen Scope

Big changes at China's National Chemicals Import and Export Corp. (Sinochem) were recently approved by the State Council. The move represents a new step in the reform of the country's foreign trade system.

"Our aim is to explore new channels for the country to gain foreign currency and to improve China's economic position in the

You untie the Knot!





world," said Sinochem's general manager, Zheng Dunxun.

Sinochem was set up in 1950 as an import-export business. In recent years it has faced increasing competition from the growing number of Chinese companies engaged in the same pursuits.

"We don't want to take part in such competition," said Zhang Rongming, director of Sinochem's general manager's office. "So it is time and necessary for us to enter and compete in the international market."

In the past, Sinochem's activities were confined to importing and exporting petroleum and raw chemicals. Its tasks were assigned by the state. Under the new contract system, which starts this year, the company will have more autonomy. It will diversify into other oil- and chemical-related businesses, while continuing to fulfil its previous tasks.

Sinochem is now authorized to absorb foreign funds, launch joint ventures and co-production enterprises, develop counter trade and barter trade, act as agent, process customers' materials, and import and export technology and equipment for the chemicals industry. The scope of its activities will include production, financing, transport, insurance, leasing, advertising, real estate and service.

In the past few years, Sinochem has made some forays into these areas. It moved into oil refining, set up a petrol station in Singapore, and made plans to build filling stations in Europe. Recently it has expanded some barter and entrepot trade in petroleum, chemical fertilizers and plastic products.

To facilitate its further development, Sinochem pays a lot of attention to improving the quality of its staff. Last year it set up a training centre in Dalian, Liaoning Province, and invited Chinese and foreign experts to give lectures on marketing, management, public relations, the law and computers. So far, leading mem-

bers at all levels of its head office staff have received training. About 95 percent of Sinochem's staff has received higher education.

To modernize its management methods, Sinochem has set up a computer centre for its import and export business. The centre is linked to the world's leading news wire services and maintains a data bank on the major international petroleum and chemical industries. This gives the company timely access to information about global political and economic events, as well as financial news and the latest market prices.

Sinochem has 40 branches in China and plans to set up more. It has also set up 23 overseas subsidiaries, offices and agencies and plans to raise the number to 30. It has established ongoing trade relations with more than 4,500 manufacturers in more than 130 countries and regions.

Sinochem's total volume of trade is the biggest among China's trade companies. It turned over US\$22.7 billion to the state during the Sixth Five-Year Plan period (1981-85). Last year it had a trade volume of US\$8.3 billion, about US\$1.6 billion more than the 1986 figure.

Before the implementation of the contract scheme, all the money Sinochem made from its exports had to be handed in to the state. And it got the money it needed for imports from the state. From this year, the company will turn over part of its profit to the state each year and keep the rest for its further development.

The contract scheme will help stimulate the initiative of the staff, Zheng said. "We will make efforts to promote economic efficiency and develop diverse operations and eventually turn Sinochem into a new kind of socialist transnational corporation."

by Wang Yanjuan

## Weekly Chronicle (January 11-17)

### POLITICAL

January 12

■ Commenting on a proposed Sino-Soviet summit, which Soviet leader Mikhail Gorbachev mentioned once again in a recent interview with China's Outlook Weekly, a Chinese Foreign Ministry spokesman says that Deng Xiaoping has made clear the condition for a summit between the two countries.

"At present, it is the strong aspiration of the international community that Viet Nam withdraw all its troops from Kampuchea promptly," the spokesman says.

■ The Tibet Autonomous Region produced 485,000 tons of grain last year, 30,000 tons more than in 1986, local officials report.

In 1987, the regional government accelerated construction of water conservation projects and popularized improved agricultural techniques.

### CULTURAL

January 12

■ China's second white paper on science and technology policy, compiled by the State Science and Technology Commission, has been published and will be distributed soon both in China and abroad. The English edition will be available in May.

### SOCIAL

January 11

■ More than 400 scholars, educators and students gather in Beijing to mark the 120th anniversary of the birth of Chinese educator Cai Yuanpei.

Cai (1868-1940) was chancellor of Peking University (now Beijing University), minister of education in Dr. Sun Yat-sen's government, and a teacher of many veteran revolutionaries and scholars. He is praised as a great democratic revolutionary, educator and thinker. ■

JAPAN-US

## Takehita's Visit a Qualified Success

*The United States and Japan agreed on measures to prevent the further slide of the US dollar during the recent visit to Washington by Japanese Prime Minister Noboru Takehita. But other key issues remain unresolved.*

Noboru Takehita and US President Ronald Reagan exchanged views on a wide range of issues during the Japanese prime minister's January 12-15 visit to Washington. In addition to the key questions of currency rate stabilization and US access to Japan's public construction and agricultural markets, the two leaders discussed Japan's financial contribution to US troops in Japan, a new Japan-US nuclear co-operation agreement, support of this summer's Seoul Olympics, bilateral co-operation in science and technology and other issues.

On January 13 Reagan and Takehita issued a joint statement reaffirming their commitment to stop the slide of the dollar. The US currency has kept dropping against the Japanese yen and the West German mark this year and the plunge would have been much deeper if not for intervention by the central banks of the major industrial countries.

The chief culprit in the slide is the expansion of the US trade deficit, which is estimated to have hit US\$170 billion in 1987, a record high.

The lower dollar has led to a mini-boom for US manufacturing industries by keeping imports more expensive and exports cheaper, but it has also caused troubles in countries such as Japan and Federal Germany.

In their joint statement, Reagan and Takehita said the two countries "are co-operating closely on exchange markets and have developed arrangements to assure the adequacy of resources for their

co-operative efforts," meaning they have set aside money for further market intervention if necessary to halt the dollar's fall.

They have arranged for a swap of the US-held special drawing rights in the International Monetary Fund for Japanese yen so that Washington can use the yen for market intervention. By selling yen and buying dollars, the United States can boost its currency.

The talks were less successful on the questions of US access to Japan's construction and agricultural markets, raising doubts over the effectiveness of Takehita's visit in preventing US trade reprisals against Japan.

US trade representative Clayton Yeutter warned on January 14 that Washington may decide to impose sanctions against Japan in public construction projects

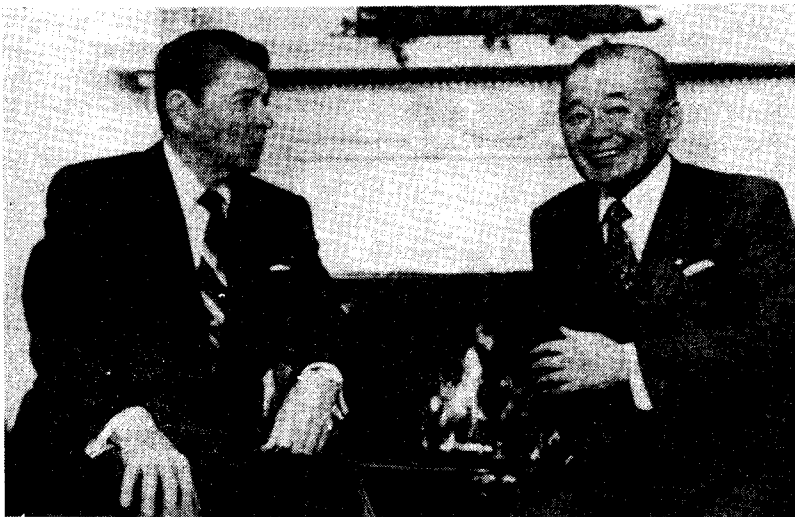
because Japan's proposal "does not meet US needs."

Takehita told Reagan of his country's plan to allow US engineering and construction companies to form joint construction projects. Yeutter said Takehita's proposal does not clearly state whether all Japanese projects will be open to US bidders, but he added that it does show that the Japanese prime minister is determined to resolve the dispute.

The US trade representative criticized Japan for inaction on the agricultural trade issue. In response to the threat from a Japanese agricultural group to reduce Japan's imports of agricultural products from the United States, Yeutter said that "would likely provoke additional responses from the US," meaning US counter measures.

Since Takehita assumed office last November, he has repeatedly stressed that his government's efforts to maintain a good relationship with the United States are the linchpin of its diplomacy. In stressing the need to build up an "unshakable" Japan-US alliance, the prime minister has given top priority to resolving Japan's disputes with the United States. But he also wants to

US President Ronald Reagan meeting with Takehita on January 13.



establish "personal ties" with Reagan. During the visit, Reagan said that he and Takeshita have established "an excellent personal rapport" and their views on international issues "coincide to a remarkable degree."

One of the "gifts" Takeshita took to Washington was the approval late last month of an expansionary budget for fiscal 1988. Japan, partly in response to US pressure, will increase its defence spending by 5.2 percent, its official development aid by 6.5 percent, and its spending on public works projects by 20 percent over the current fiscal year ending March 31.

On January 8 the Japanese government decided to bear all the costs for the fringe benefits of the 22,100 Japanese employees at US military bases in Japan, beginning in 1990. The move is said to be

aimed at indirectly supporting the United States in its efforts to secure safe shipping through the Persian Gulf. Some 55 percent of Japan's crude oil imports pass through the waterway.

The United States, Japan's biggest trade partner, now absorbs 38 percent of Japan's global exports, up from 25 percent five years ago. Japan's direct investment in the United States accounts for 45 percent of its total direct investment abroad.

According to Japanese statistics, Japan had registered a US\$47.2 billion trade surplus with the United States by the end of last November, a 1.2 percent increase over the same period a year earlier. The United States, irritated by Japan's failure to correct the trade imbalance, has repeatedly lashed out at Japan for just paying lip service to the problem.

by Chang Qing

with 24,917 nuclear warheads. They have 48,000 nuclear warheads of all types.

Strategic arms play a key role in the nuclear strategies of both superpowers. Although negotiations on weapons in this category started in 1969, little substantial progress has been made as a result of major differences between the two countries.

When Reagan and Gorbachev met in Iceland in October 1986, they agreed in principle to cut their strategic arsenals in half. But on the controversial issue of implementing the Anti-Ballistic Missile (ABM) treaty, the insistence on the Soviet side on linking strategic weapons to outer space weapons—an attempt to make Washington drop its Strategic Defence Initiative (SDI) programme—has so far made any agreement on strategic weapons impossible.

Some progress was achieved when the two leaders met in Washington in early December last year. They agreed to limit the warheads on strategic missiles to 4,900, down from the previous ceiling of 6,000.

Differences remain on how many land-based intercontinental missiles, submarine-based missiles and strategic bombers will be permitted, as well as on terms for reduction and verification measures.

The United States has asked the Soviet Union to cut more land-based missiles, a category in which Moscow has the advantage, while the Soviet Union is urging the United States to reduce more submarine-based missiles and long-range bombers, in which Washington has superiority.

Clearly both sides want to limit the other's advantage.

On the timetable for reducing strategic weapons, Washington advocates a period of 10 years. Moscow says the term should be five years.

Moscow is also sticking to its condition that an agreement on

## US-SOVIET UNION

# Talks Move to Strategic, Space Arms

*With the INF treaty safely signed, international attention has turned to the new round of US-Soviet arms reduction talks in Geneva.*

The United States and the Soviet Union are focusing their current arms reduction talks on strategic and outer space weapons, following the signing last December of their treaty to abolish intermediate-range nuclear missiles.

The new round of superpower talks, the ninth of its kind, began on January 14.

Whether the two delegations can produce a strategic arms agreement ready for signing will greatly influence the fourth meeting between US President Ronald Reagan and Soviet leader Mikhail Gorbachev, scheduled to be held in Moscow in the first half of this year.

In a statement issued by the White House the same day as the talks opened in Geneva, Reagan expressed the hope that the United States and the Soviet Union could reach an agreement on reducing their strategic nuclear arms by 50 percent this year. But he added that Washington seeks only a "sound agreement" and will not negotiate "against arbitrary deadlines."

Offensive nuclear weapons make up more than half of the superpowers' nuclear arsenals. The two countries together have a total of 4,468 land-based intercontinental ballistic missiles, submarine-based ballistic missiles and long-range strategic bombers,

strategic weapons cannot be reached unless both agree that the ABM treaty will be effective for 10 years. Washington says it will abide by the ABM treaty for seven years and interprets the pact in a broader way so that it will not interfere with its ongoing research and testing for the SDI programme.

On January 15, the Soviet disarmament delegation submitted a proposal concerning compliance with the 1972 ABM treaty for a specified period of time. According to reports, the US delegation rejected the proposal, saying that it would interfere with the SDI programme.

Moreover, the measures for

verification of strategic weapons reduction will be more complex than the measures required for intermediate-range missiles, which the two countries have agreed to abolish.

Although both countries would like to reduce their strategic weapons by half and have ordered their negotiators to facilitate the talks, many differences must be cleared out of the way if a draft accord is to be reached before Reagan and Gorbachev meet in Moscow.

One thing, however, is certain. The two delegations will bargain hard during this complex and arduous round of arms talks.

by Xiang Kuiguan

the setting up in Central Europe of a corridor free of nuclear and chemical weapons to further advance the trust, security and co-operation among European countries.

France opposes the denuclearization of Europe. During the talks French leaders reiterated their strategy of deterrence. Paris also holds that negotiations on short-range missiles should begin only after results are reached in talks between the superpowers on reducing their strategic nuclear weapons. Moreover, France wants its short-range missiles excluded from the category of conventional forces since they are considered to be part of the country's strategic arsenal.

Despite the two sides' differences — which are only to be expected since they belong to different alliances — Honecker's visit was viewed as a major diplomatic step by the GDR in its moves to develop relations with the West. Last September, Honecker made a historic visit to Bonn, marking a breakthrough in the GDR's policies towards the West and laying the foundation for the Paris visit.

The two visits reflect the strong desire of both East and West European countries to promote dialogue, increase mutual understanding and improve relations. During the Paris visit, both sides pointed out that differences in social system and membership in different alliances should not block the development of relations.

President Mitterrand said France wants "reconciliation between the French and the Germans, all the Germans, wherever they are." He said the division of Europe was man-made and that the responsibility of the French and the Germans on both sides of the Elbe is to build, along with other European countries, a peacefully co-existing Europe with a promising future. He also said that Europe should not be "a

FRANCE-GDR

## East and West Come Together

*The recent visit to France by Democratic German leader Erich Honecker will undoubtedly give a boost to bilateral relations and improve the general atmosphere in East-West relations.*

**E**rich Honecker, chairman of the Council of State of the German Democratic Republic (GDR), visited Paris early this month. It was the first official visit to France by a top GDR leader.

During his January 7-9 stay in Paris, Honecker met President Francois Mitterrand, Prime Minister Jacques Chirac and other French leaders. Their talks focused on arms control and bilateral relations.

The GDR is the 10th largest industrial nation in the world. Since the establishment of diplomatic relations between the GDR and France in 1973, bilateral links have been developing steadily.

External trade with the West accounts for approximately one-third of the GDR's total external trade. The Federal Republic of Germany (FRG) is the GDR's

biggest Western trading partner, accounting for 60 percent of GDR's trade with the West. Second to FRG comes France. Bilateral trade volume last year reached 6 billion French francs, a 10 percent increase over the previous year.

The two sides discussed several big contracts during the visit, with a view to expanding their trade volume by 15 percent annually in the coming years and strengthening co-operation in fields such as science and technology and culture.

On the issue of disarmament, Honecker suggested in a letter to FRG Chancellor Helmut Kohl, which was published before the visit, that all tactical missiles with a range of up to 500 kilometres deployed in Central Europe be eliminated. Honecker reaffirmed in Paris that his country advocates

passive, silent witness" in East-West relations.

In a speech during the visit, Honecker noted that dialogue "plays a key role" in fostering a sense of trust. He said the current dialogue between France and the GDR, which transcends differences for the sake of peace, disarmament and detente, is the realization of the "political will" of the fighters against fascism in both countries.

The general East-West climate

is growing warmer, providing a good political environment for the development of relations between Eastern and Western Europe. The European Community and the Council for Mutual Economic Assistance plan to establish formal relations in the near future. Honecker's successful visit to France demonstrated the widespread trend in Europe to promote understanding. The visit augurs well for East-West relations.

by Ma Weimin

training people in agricultural skills and spreading advanced farming techniques. The state has also raised its purchase prices for agricultural products, and the state marketing company has improved its purchasing methods. It now buys farm products directly from peasants, thereby reducing exploitation by middlemen.

Clearly, the Green Revolution is more than just a practical programme designed to increase grain production. It is also a major step towards structural reform of the national economy.

From the start of the Green Revolution, the Liberian government has paid close attention to publicity and education, mobilizing the people to enthusiastically embrace the endeavour. The government set up a Green Revolution prize to be awarded to individuals who contribute to agricultural development. The state also provides scholarships for students of agricultural institutes to encourage them to serve in agricultural departments after graduation. The Ministry of Education provided for the setting up of agriculture courses in primary schools to make pupils realize the importance of agriculture and foster their interest in going into the field of agriculture in the future.

President Doe set an example by starting a private farm and demanding that government ministers do the same. The government has increased its budget for agricultural development; agriculture accounted for 47 percent of the total development budget in the 1986-87 fiscal year. The government also encourages private investment in agriculture. It allows non-blacks to purchase land for farms and operate them tax-free for the first three years. All these measures are helping to rejuvenate agriculture.

Therefore, people believe it as the only road to improving the national economy.

by Yang Rusheng

## LIBERIA

### Farming Seen as Economy's Salvation

*It is the second anniversary of the launching of Liberia's Green Revolution. The government sees agricultural development as the country's main chance to extricate itself from its economic predicament.*

Liberia is a beautiful and richly endowed country on the coast of Western Africa with excellent conditions for developing agriculture. It was known in history as the Grain Coast.

But in recent years, the Liberian economy ran into serious difficulties. Exports stagnated; money left the country; external debt grew; prices rose; and gross national product fell.

The origins of Liberia's economic predicament can be traced to the 1970s, when the country shifted the focus of its efforts to developing the mining industry. Many people abandoned agriculture for the mines or left their villages for the cities, and large stretches of land in the countryside lay idle. The country with its 2 million people had to import grain and other food—even vegetables and fish—at a cost of US\$60 million a year.

In light of this situation, Liberian President Samuel Doe concluded, "The only way out of our difficulties is to develop agriculture and realize self-

sufficiency in grain." He said the country's mineral and forest resources were becoming exhausted, and stressed that "a nation that cannot support itself cannot begin to talk about political independence." At the beginning of 1986, Doe called on Liberians to enthusiastically move into agricultural production and launched the Green Revolution.

The major aims of Green Revolution are to energetically develop grain production, realize self-sufficiency in rice as rapidly as possible, expand cash crop growing areas, increase exports to earn more foreign exchange, and improve rural people's living conditions on the basis of higher production.

To realize these aims, the state has undertaken several concrete measures. It has allocated US\$55 million to set up 13 "central farms" in 13 counties by 1990. The farms will employ modern production techniques to raise efficiency and yields. Major efforts are being devoted to

# Away With Dogmatism & Ossified Pattern

by Xue Muqiao\*

The thesis that China is in its primary stage of socialism, presented at the recent 13th National Congress of the Communist Party of China, is a new development of the theory of scientific socialism. To understand the "thesis of the primary stage of socialism," we should further eradicate dogmatism and the ossified economic pattern and carry forward the creative spirit of Marxism.

## Significance of the Thesis

Although for many years we have admitted that our socialist system grew out of a semi-colonial, semi-feudal society with much underdeveloped capitalism, and that it is far from perfect and mature, we have not really understood this problem thoroughly. The term, primary stage of socialism, began to appear in Party documents released after the Third Plenary Session of the 11th Party Central Committee in December 1978, but no discussion was organized on it and so it failed to draw the attention of the press circles at home and abroad. In his report, "Advance Along the Road of Socialism With Chinese Characteristics," delivered at the 13th National Congress of the Communist Party of China, Comrade Zhao Ziyang discussed the primary stage of socialism and the basic Party line, explaining that the Party line adhered to today is defined according to the reality of China in its primary stage of socialism.

\* The author is a famous Chinese economist. This is his written speech read at a recent forum.

In the report Zhao said, "China is now in the primary stage of socialism. . . . We are destined to go through a very long primary stage. During this period we shall accomplish industrialization and the commercialization, socialization and modernization of production, which many other countries have achieved under capitalist conditions." This is an important conclusion our Party

socialist cause; it will inevitably draw the attention of public opinion both inside and outside China.

After liberation in 1949, our country eliminated the feudal system in just three years and basically fulfilled the socialist transformation of agriculture, handicraft and capitalist industry and commerce in another four years. It seems, that we have achieved all these with undue haste. It seems particularly inappropriate to have established a uniform socialism by eliminating the private economy and all private enterprises, because this runs counter to objective laws of historical development. More than 30 years of experience have taught us that, handicapped by backward productive forces and a less developed commodity economy, China can hardly satisfy the multifarious needs of its people by relying solely on state-owned industry and commerce and collective agriculture. Much room will have to be filled by individual economy and some private enterprises. I said in a lecture in Hong Kong in 1980, "We can't allow capitalism to revive. But it's not surprising that we still retain some of it because at present we can't totally eliminate capitalism." I ran a certain risk in saying this, because I could have been suspected of discarding the orthodox statement that capitalism must be totally eliminated in China. It seems that my remarks conform with the social conditions underlying the theory of the primary stage of socialism.

Some foreign newspapers claim that the advancement of the thesis of the primary stage of socialism indicates that China has been

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*To understand the thesis that China is in its primary stage of socialism, we should further eradicate dogmatism and the ossified economic pattern and carry forward the creative spirit of Marxism. From the view point of historical materialism, the primary stage of socialism in our country still involves some non-socialist, even capitalist factors.*

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has drawn from its experiences of the past 30 years, after deepening its understanding of socialism and gaining a clearer idea about the actual conditions in our country. The conclusion provides us with an ideological weapon to prevent mistakes, and a solid theoretical base from which to build socialism with Chinese characteristics. This conclusion enriches the theory of scientific socialism and points out the correct path for China's

gradually abandoning Marxism. This is nonsense which stems from a lack of knowledge. Dialectical and historical materialism have taught us that everything develops through changes in quantity and quality, and this applies even more to human history. An old society carries within itself the seeds of a new system even while the old system reigns. When a society develops to a certain degree, it will experience a qualitative change; when the new system changes from a subordinate to a dominant position in the society, and the old society will give way to the new. After a new social system is set up, some parts of the old system will remain present for quite a long time. From the viewpoint of historical materialism, the primary stage of socialism in our country still involves some non-socialist, even capitalist factors. This is completely understandable.

China used to be a semi-colonial, semi-feudal society. Bureaucratic-capitalism represented by the four families of Chiang Kai-shek, T.V. Soong, H.H. Kung and the Chen brothers (Kuo-fu and Li-fu) did not contribute to, but rather suppressed national capitalism. The task of leadership in the anti-imperialist, anti-feudalist bourgeois democratic revolution had to fall on the shoulder of the Communist Party of China which represented the interests of the working class and other labouring people. The victory of the revolution led to the establishment of a new democratic state led by the working class and based on a worker-peasant alliance which also included the national bourgeoisie. New China confiscated bureaucratic capital and turned it into part of the socialist state-owned economy. Since bureaucratic capital was stronger than national capital (bureaucratic capital made up 80 percent of the total fixed assets of the whole country's capitalist economy before 1949), the socialist state-owned economy,

established by the confiscation of bureaucratic capital, dominated the country's economy. The establishment of a state-owned economy, plus the leadership of the proletariat and the co-operation of workers, made it possible for China to peacefully embark on the socialist road. The socialist transformation of our country's national economy conformed with the objective laws of historical development. But the efforts to eradicate capitalism and wipe out the entire private economy ran counter to the objective laws of historical development. The thesis of

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***Globally speaking, today's capitalist world has changed a lot since Marx's writing of 'Capital.' Some of our economists dare not face up to this reality and pay little attention to the new developments in capitalism.***

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primary-stage socialism thus conforms exactly with Marx's theory of historical materialism. In putting forward the thesis, China does not mean to cast aside Marxism but dogmatism and the ossified economic pattern.

### **Socialism and Capitalism**

There was a long-standing dogmatic approach towards the relation between socialism and capitalism, and between workers and capitalists, based on a belief that the two totally conflicted with each other. Anyone who said that co-operation was possible between the two was branded

"revisionist." As a matter of fact, dialectical materialism has already made it clear that everything has within itself some contradictions and the two sides of the contradiction both conflict with and depend on one another. This holds true for the contradiction between workers and capitalists. For example, the two parties conflict with each other, but they also work together when their enterprise is faced with external challenges or when it is on the brink of bankruptcy. Dogmatists view the problem differently, saying that there only exist conflicts and there is no interdependence between the two sides of a contradiction. This point of view runs counter to dialectical materialism.

Globally speaking, today's capitalist world has changed a lot since Marx's writing of *Capital*. The rapid advancement of science and technology and the speedy increase in labour productivity make it possible for workers under the capitalist system to considerably improve their living standards. From the late 19th to the early 20th centuries, the cruel exploitation of workers by the capitalists impeded the development of domestic markets in capitalist countries, resulting in the flooding of the markets with surplus commodities, and culminating in a serious economic crisis. During World War II, the working classes of all countries fought in the forefront against fascism. After the war, improvement in the workers' political status forced the capitalists to adopt "welfarism." The capitalists could accept this because they recognize workers' improved living standards would help expand the domestic market and ease the severity of the economic crisis. The capitalist class not only changed its internal policies but also its external ones. Before World War II, the imperialist countries, pursuing the old colonial policies, robbed colonies and dependencies of all their

wealth and undermined the external markets which absorbed their surplus commodities. During World War II, these colonies and dependencies fought for national liberation, thereby greatly heightening their political strength. After the war, imperialist countries resorted to neo-colonialism, allowing their colonies to become independent and encouraging them to develop their national economies, thus expanding the international market for surplus goods. It can be said that the 40 years of post-war development in the turbulent capitalist world had much to do with its altered policies, without which the capitalist world could have hardly continued to exist to the present day or at least could not have experienced its present development. Today, some of our economists dare not face up to this reality and pay little attention to the new developments in capitalism. Rather, they squabble endlessly over the question of the proletariat's absolute poverty. In their eyes what Marx did not predict would never happen. This is a dogmatic approach to Marxism.

The relations between socialist and capitalist countries are also dealt with dogmatically. Dogmatists hold that there are only conflicts and struggles and no interdependence or co-operation between socialist and capitalist countries. In his later years Stalin said that the world market had already split into the socialist and capitalist blocs. However, there is now only one market, the world market as a whole, in which both socialist and capitalist countries trade with each other. Economically, they can hardly be separated as they invest in and co-operate with each other. With the birth of New China, many capitalist countries imposed economic sanctions against our country, so for a period of time, China had to trade mainly with the Soviet Union and East European countries. Later,

because of the Soviet Union's suspension of economic aid to China and the rupture of relations between the two Parties, China was for a long time closed to the outside world. Worse still, the "gang of four" branded China's economic exchanges with the West as "betrayal to the nation." After their fall China began opening its doors to the outside world. In 1978 alone, China signed 22 contracts to import advanced foreign equipment. Since the Third Plenary Session of the 11th Party Central Committee held in December 1978, reform and opening up have been declared state policy. China's trade and economic co-operation with the West have since expanded and so have its economic exchanges with the Soviet Union and Eastern Europe. Recently many East European countries, including the Soviet Union, have also set up economic relations with the West. Facts have proved that the rigid view of socialism as conflicting totally with capitalism does not conform with the objective reality.

### Planning and Market

Even more handicapped by dogmatism and the ossified economic pattern was the managerial system of the socialist economy. Over a long period of time, we set planned economy against commodity economy, thinking that the planned economy is peculiar to socialist countries, while the commodity economy is unique to capitalist countries, and that many commodities under a planned economy must be purchased and distributed according to a unified state plan; we saw the rationing of commodities as a strong point of the socialist system. As for the means of production, we never recognized them as commodities. They could be distributed according to plan not freely sold on the market. State enterprises were not recognized as independent com-

modity producers. They were required to operate at the beck and call of their superiors, deprived of any autonomy; they were not allowed to establish relations with other factories or engage in free competition. All these restrictions and many other concrete measures were considered inherent to the socialist economy. Whoever wanted to change this pattern would be seen as deviating from the socialist road and even as restoring capitalism.

This ossified system has increasingly become unsuited to the development of productive forces. Aware of some of the system's defects, our Party pointed out as early as 1956 that the overconcentration of power had drawbacks and some changes had to be made. In several attempted reforms, however, attention was focused only on how much power the central authorities should retain and how much power should be delegated to local authorities. No decision-making power was given to state enterprises. As a result, the root of the ossified economic process remained untouched. In fact the defects were worsened by "Left" mistakes. Anyone who uttered a single word about the commodity economy, the role of the market, self-management and the enterprise's responsibility for its profits and losses was criticized as capitalist.

It was not until after the Third Plenary Session of the 11th Party Central Committee in December 1978 that China shook off the shackles of "Left"-deviation, dogmatism and the ossified economic pattern. We have since made much headway, first in expanding the enterprise's decision-making power and then in breaking away from the ossified economic structure. The government has begun to actively encourage commodity production and exchange. But since the traditional concept of conflict between planned economy and the



commodity economy and planned regulation and market regulation has not been eradicated, no one dares to openly encourage, the development of the socialist commodity economy.

The Third Plenary Session of the 12th Party Central Committee in 1984 marked a complete break from the traditional concept of the planned economy against the commodity economy. It was made clear at the meeting that China's socialist economy was a planned commodity economy based on the public ownership of the means of production. This represents an important development in Marx's theory of the socialist economy. The recent 13th National Congress of the Chinese Communist Party made it even clearer that the socialist planned commodity economy should integrate planning with market, that planning must be based on commodity exchange and the law of value, and that our task is to make the most of regulation through both planning and market to ensure a co-ordinated development of the

national economy. This statement represents a breakthrough in theory, bringing to an end the rule of the ossified economic pattern of counterposing planning to market.

But it is a breakthrough only in our thinking. A breakthrough in the true sense has to be realized through reform. The long-held economic pattern has severely distorted our economic relations, and it will take some time to remedy this. Moreover, due to our lack of experience, mistakes will be unavoidable during the process of reform. So the road to reform will hardly be plain sailing. There may still be twists and turns, but the orientation is set and a solid foundation has been laid for the successful realization of our aim.

To develop the commodity economy by bringing the role of the market into play, we must not only remove ideological barriers but also come to grips with many real difficulties. The commodity economy is underdeveloped and our country's market needs to be improved in many areas. The

promulgation of several laws can hardly provide a final solution to the problem of self-management and internal responsibility in enterprises before the old system of administrative distribution of funds and materials is completely abolished and before distorted pricing is corrected. Changing the old fund and materials distribution system requires the widespread establishment of a goods exchange market and the improvement of the financial market. Improving the price system needs the strengthened macro-control of the national economy (especially over capital construction and consumption funds), to ensure a basic balance of supply and demand in the market. Competitively, all enterprises must be placed on the same starting line. Before the above problems are completely solved, it is impossible to use profit as an impartial referee to judge the successful operation of an enterprise. The only solution to all these problems involves a further deepening of structural reforms. Clinging to the old is not an alternative. ■

## Rewi Alley: Bridge of Friendship Builder

Zhang Wenjin

**R**ewi Alley, a social activist, a New Zealander and a devoted friend of the Chinese people, passed away on December 27, shortly after his 90th birthday. A veteran of World War I and a staunch fighter for a better world all his life, Alley used always to respect the majority mood and was disdainful of personal glory. In his last will he wrote on August 28, 1980, "Please, no fuss. It is just

one more soldier marching on."

He had been in Beijing Hospital since April, but returned to his cosy home in the compound of the Friendship Association to meet friends and relatives when he felt well enough. On Christmas eve, he invited Dr. Ma Haide (George Hatem), his closest friend for over half a century, Dr. Wu Weiran, honorary director of the Beijing Hospital, and myself to dinner. Alas, we did not know it would be the last time we saw him in such good spirits. We chatted and laughed, and watched video tapes of Zhao Ziyang and Li Peng,

leaders of China's Party and government, coming to that very sitting room to greet Rewi on his 90th birthday on December 2. In Wellington, Prime Minister David Lange was presented with a copy of *Rewi Alley: An Autobiography*. The story of Rewi Alley in China was filmed by the New Zealand scriptwriter Geoff Chapple and narrated by the Prime Minister himself. Its title "Second Blade of Grass" is derived from the hero's motto: "To make two blades of grass grow where but one grew before."

Only two days later, we three

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The author is president of the Chinese People's Association for Friendship With Foreign Countries.



Zhang Wenjin (left) at Rewi Alley's home to congratulate Alley on his 90th birthday on December 2, 1987.

anxiously gathered around Rewi's death bed. He had a bad fever since the morning, and in the

evening medical experts diagnosed his illness as cerebral vascular embolism. His great heart ceased

## New Zealand Prime Minister on Rewi Alley

**R**ewi Alley was a man of whom New Zealanders can be proud," said David Lange in Wellington on December 27, the day that Alley died in China at the age of 90.

"Rewi Alley, a legend in his own lifetime, devoted his many talents to the development of China, and the lot of its people.

"There were times when his commitment to China put him in opposition to many of his countrymen in New Zealand.... He did not leave China when things became difficult. He never compromised his views because they were unpopular either in China or at home.

"Many outsiders have been fascinated by China. But only a handful have committed their whole lives to the country and its people. Rewi Alley was one of

those few, and the only New Zealander among them. Rewi Alley won the affection and admiration of the Chinese people and the respect of many in other countries throughout the world.

"The warmth of his personality endeared him to all the many New Zealanders who were able to meet him in his latter years.

"Rewi Alley symbolized in a very individual way, the value of friendship and humanity in the development of links between people of different countries and societies. We in New Zealand have benefitted from this as we have successfully developed the warm and close links we now enjoy with China and its people.

In honouring his memory, New Zealand can look forward to even closer and more broad ranging friendly relations with Chinese people from all walks of life." ■

to beat soon after midnight.

Rewi Alley came to our country in 1927, a young stranger of hardy physique and noble soul. In Shanghai, the Adventurers' Mecca at that time, he forged an indissoluble bond with our people in the cause of revolution and development. After the outbreak of the anti-Japanese war in 1937, he was one of the founders of the Chinese Industrial Co-operatives Movement (better known as *Gung Ho* in Chinese) and the field secretary of its International Committee. In the latter capacity he travelled and hiked to various places unoccupied by Japanese aggressors in China to organize co-operatives based on democracy and self-reliance and formed by refugee workers, peasants and sometimes disabled soldiers. The co-ops were to make them a living and help support the national economy. In the early 1940s, he shifted his attention to training young technicians and experimented with the work and study education system at the Bailie Technical School in Shandan, western Gansu Province. Despite all the hardships and poverty of wartime China, especially in the remote Gobi desert, Rewi considered those years he spent among peasant youth the most satisfying period of his life. He became a champion of peace in the 1950s and attended a number of international conferences for world peace and against the threat of nuclear war. For decades, till 1985, he travelled extensively in China to report on developments and wrote indefatigably explaining and interpreting Chinese affairs. He showed an unflinching interest in our ancient civilization as well as solicitous concern for our socialist construction. His copious verses on life and the people, combined with his translations of Chinese poetry, both classical and vernacular, form a literary treasure-house for English readers promoting cultural exchange. Thousands upon thousands of friends from other

lands have helped us in building up a modern New China, but to my knowledge Rewi Alley is unrivaled in the scope of his activities and the length of time they spanned.

Rewi said of himself, "After years of living and working in this country, I remain a New Zealander but I have become a Chinese too." Indeed, he not only "retained all the qualities of a down to earth, caring New Zealander" as described by Prime Minister Lange, but acquired the simplicity, frugality and selflessness exemplified by Chinese sages of old. He always shunned gain and fame and finally gave his all to his beloved second homeland. He wrote: "After cremation, I would

like my ashes.... to be scattered on the fields of Siba (a place in Shandan).... I hope my books may be kept together in some library and so be made use of. (After donating 3700 art works) the remainder of my art collection go to the friends at Shandan in the cultural centre there.... My executors, Ma Haide (George Hatem) and Hans Muller, to distribute my various possessions amongst members of my family, and those who have been close to me, with the advice of my eldest son Alan (Duan Shimon).... All my files, .... together with all photos etc. to the Friendship Association with my deep gratitude for all their assistance over

the years."

China paid its last respects to Rewi Alley on December 30 at a ceremony attended by Party and state leaders, his friends, relatives and students. His death has deprived us of a great friend whose spirit of internationalism will continue to inspire us in building socialism with Chinese characteristics. His name will long be remembered as the pioneer bridge builder between the New Zealand and Chinese peoples, and with Agnes Smedley, Anna Luise Strong and Edgar Snow, as one of those who built bridges of friendship between the Chinese people and all the peoples of the world.

## Peace Eludes Central America

by Wang Chunrong

August 7, 1987, was a remarkable day in Central American history. On that day the presidents of five Central American nations—casting off foreign interference—signed a peace agreement calling for ceasefires, amnesties, democratization and an end to foreign intervention in the region. The peace process took a favourable turn and Central America became the first of the world's current "hot spots" to make a breakthrough in its attempt to settle its conflicts politically.

In the months since the agreement was signed, all the participating nations have adopted measures to implement it. Tensions that have lasted many years are easing. After the government of El Salvador resumed talks on a ceasefire with the Salvadoran rebels, the Guatemalan government held talks for the first time with the guerrillas it has been fighting for more than 20 years. In Nicaragua, the govern-

ment held national reconciliation talks with opposition groups, passed a new amnesty law, and released nearly 1,000 political prisoners, in accordance with the peace pact.

In mid-November, the Nicaraguan Sandinista government, acting through a mediator, offered the contra rebels an 11-point ceasefire proposal. On December 3, in the Dominican capital of Santo Domingo, the two sides began indirect talks—their first negotiations since the war started seven years ago.

The Nicaraguan government is reported to have asked the Salvadoran guerrillas to dismantle their rear supply bases in Nicaragua, while Honduras said it is ready to negotiate with the Nicaraguan government on the elimination of contra bases within its territory. These are signs of some improvements in the relations among the Central American nations.

In mid-September, the vice-

presidents of the five countries reached an agreement to set up a Central American parliament. The countries have also held many consultations on how to breathe life into the Central American Common Market and promote regional co-operation.

Several key factors have contributed to the new situation in Central America.

First, all of the countries in the region are weary of war and long for peace, and all of them have adjusted their policies accordingly.

Conflicts among the five countries are complex. Apart from certain deep-rooted political and social differences, the region's turbulence can be mainly attributed to foreign intervention, especially from Washington. The United States has always regarded Central America as its "backyard." Since 1981 the Reagan administration, on the pretext of preventing the Soviets from gaining a "beachhead" in Central

America, has been seeking a military solution to the Nicaraguan problem. It attempted to eliminate the perceived danger posed by the Sandinista government by offering aid to the Nicaraguan contra forces.

Washington has also been trying to throw up various obstacles to the diplomatic mediation efforts of the Contadora Group (Mexico, Panama, Colombia and Venezuela) and the Lima Group (Peru, Brazil, Argentina and Uruguay), which are aimed at seeking a peaceful settlement to the Central American conflicts. As a result of the US actions, war has continued to spread; there has been more loss of life; and the region's economy has deteriorated steadily over the past seven years. Central America's foreign debt totals US\$17 billion, and Honduras has become the third poorest country in the western hemisphere. It is the common goal of the five Central American countries to end the chaos of war and develop their economies.

With this aim in mind, Costa Rican President Oscar Arias Sanchez put forward a 10-point peace plan in February 1987. The proposal got a warm response from El Salvador, Honduras, and Nicaragua, and won the support of the Guatemalan government, which follows an "active neutral" policy.

The US position as the patriarch in its backyard received a forceful blow at the summit of the five Central American presidents held in Guatemala last August. The leaders rejected a six-point proposal by US President Ronald Reagan. Instead, they consulted among themselves and signed a peace accord—based on the Arias proposal—which implicitly opposes superpower interference. They then took immediate measures to implement it. This move towards independence—unprecedented in Central America's recent history—won

extensive support from the international community. And President Arias was awarded the 1987 Nobel Peace Prize in recognition of his key role in bringing about the Central American peace accord.

A second key factor in the Central American situation is the difficulties of the Reagan administration since last year's Irangate scandal. Growing criticism at home of the administration's Central American policy; the restraint imposed by Congress, which is composed of a majority of Democrats; the disputes within the government over Central American problems; and the yoke of the coming general election have all made it increasingly difficult for the US government to implement its Central American policy. The frustration of Washington's policy of military settlement of the conflicts has given the countries of the region an opportunity to resolve the problems on their own. As a result, when the Central American presidents signed the August 7 peace accord, the US government was forced to welcome the pact, despite its dissatisfaction, especially over certain clauses.

A third factor impinging on Central America is the desire of both the United States and the Soviet Union to reach some compromises on arms control and ease their tense relationship. This desire, which arises out of the superpowers' own needs, has affected their attitudes towards regional problems. Reports say the two countries' officials in charge of Central American affairs held bilateral consultations before the US-Soviet summit.

The Soviet Union, which is in the course of adjusting its foreign policy, has adopted a more restrained and flexible attitude towards Central America, which it feels still beyond the reach of its power. Nicaraguan President Daniel Ortega—on the very day that he returned from Moscow

where he took part in activities commemorating the October Revolution—announced that the Nicaraguan government was willing to hold indirect talks with the contra forces on a ceasefire. Recently Nicaragua told the Salvadoran guerrilla forces to dismantle their rear supply bases in Nicaragua. This flexible stand of the Sandinista government is clearly one of the key factors facilitating the Central American peace process.

Thanks to the Central American nations' willingness to continue their efforts to implement the peace accord, and the extensive support of world opinion, the fledgling detente in Central America will continue. But there are still some worrisome problems. There has been no visible change in the region's military situation. Fighting continues in Nicaragua, El Salvador, Guatemala and along the Nicaragua-Honduras border. In Nicaragua, more than 1,400 people were killed in the war during the three months after the peace pact was signed. An international verification commission visited the five Central American countries January 4-10 to find out how far they had implemented the peace plan and reported its findings to the summit meeting of the nations held in Costa Rica on January 15.

In a joint declaration issued at the end of the summit, the presidents of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua "commit themselves to perform the unconditional and unilateral obligations" on the peace accord. At the summit, Nicaraguan President Ortega made a 4-point statement saying, among other things, that his country agrees to immediately open direct truce talks with the contras and to lift the country's state of emergency.

However, the basic contradictions that have led to the conflicts in Central America have not yet

been resolved.

Several factors are hurting the prospects for peace. Internal conflicts between the governments and the guerrillas in El Salvador and Guatemala will be difficult to resolve, while in Nicaragua, there is no sign of a ceasefire because the Sandinista government and the contra rebels are completely at odds.

There are still grudges among the countries of the region. In Honduras, the Nicaraguan contra bases have not yet been dismant-

led. Different interpretations of the peace pact could also add side issues and twists to the heavy task of implementation and verification.

But the darkest shadow over the peace prospects in Central America is the negative attitude of the United States. The Reagan administration has said that the August 7 peace agreement cannot ensure US security. Last month Congress and the White House agreed to provide US\$8.1 million in aid to the contras after Reagan

threatened to veto a government funding bill unless it included money for the US-backed rebels. Secretary of State George Shultz said on January 7 that Congress will be asked to provide more aid for the Nicaraguan rebels. All this shows that US government will not readily give up its present Central American policy.

In short, while the ice has been broken, it will take a lot of work to clear it away. Peace still has a long way to go before it arrives in Central America. ■

## Shanghai's Rural Intelligentsia

by Wang Jieming

The economic transformation taking place in China has led to cultural changes also, as is brought out in surveys of the countryside around Shanghai.

With increased incomes, and the greater private decision making, more spare time is available to the farmers. On Shanghai's outskirts a farmer's day is made up on average of eight hours work, just under three hours housework, seven and half hours sleep, leaving nearly five hours to devote to leisure pursuits. This is one more leisure hour than is available on average to the urban dweller.

It has been calculated that in those leisure hours a farmer will, on average, spend 80 minutes reading and studying, two hours watching television or listening to the radio, and nearly one hour socializing.

In 1978 the average annual income for Shanghai's farmers was 230 yuan each. They had to count every penny. By 1986 that average income had quadrupled to 937 yuan each.

Previously collective labour was paramount and productivity low; but with the coming of the

responsibility system in 1979, productivity and incomes have risen allowing for more labour saving devices and more leisure time.

It also allows for more leisure consumption: In 1982 there were 13 television sets for every 100 families in Shanghai's rural counties. By 1985 there were 44. In 1982 there were two cassette recorders for every 100 families, by 1985 there were nine. In Nanhui County, Shanghai Municipality, a sample survey of 100 families showed that 6.62 percent of people's expenditure went on cultural activities in 1985. Meanwhile urban leisure spending amounted to only 6.34 percent in the same year.

A new social stratum has been identified in the countryside: the rural intelligentsia. According to China's nationwide census in 1982, 40 percent of farmers in Shanghai had been educated to junior middle school level or higher. A recent study of 1,000 farmers around Shanghai found that 3 percent have college degrees, 7 percent completed technical secondary school, 14 percent completed senior middle

school, 46 percent got as far as junior middle school, 23 percent only completed primary school and 6 percent are illiterate. This yields a figure of 70 percent belonging to the new educated class which is creating a whole new rural culture.

Many are seeking to express themselves artistically. In October last year over 10,000 rural people took part in a singing contest held in Jinshan County. The 10 or more artistic associations in the county have enrolled 423 spare time drama, writing, painting and story-telling enthusiasts. There are also 104 less formal spare time creativity groups throughout the county.

Another expression of the broadening of rural people's horizons is the interest they are showing in the law. With the growth of their private economic activities, farmers are quickly learning to apply the law.

Lawyers have established offices throughout Shanghai's outskirts. According to a survey, 22 percent of farmers think a lawyers' office nearby is more important than a good local leader, and only 19 percent believe the opposite.

Study has also increased, and 300,000 of Shanghai's young farmers have already undergone some kind of technical training. That is one quarter of all the young people of the counties.

There is a realization that without some technical knowledge it is impossible to start up a lucrative sideline and become a "specialized household" or work in an enterprise. Many training classes are being started by the various township governments to cater for the growing demand.

During this period of expansion, imbalances and ironies

appear. So that while almost every village has beautiful public reception rooms, many schools are short of space and some are housed in dangerous and uncomfortable structures. While products of the villages are exported to the great metropolises of the world, quite a few villagers are still sunk in ignorance and superstition. And while rural women primp and preen and turn out in colourful make-up, the toilets remain filthy cesspools.

This has not escaped the local people, some of whom try to make their own contribution to the

community by establishing public reading rooms and encouraging their township enterprises to invest in cultural centres.

Thus the proportion of township children in kindergarten is higher than urban children, and piano teachers from the city are paid by the farmers to come and teach their children at home.

Just how important intellectual cultivation has become is revealed in a survey where a majority of respondents considered earning a college degree preferable to 10,000 yuan a year. ■

## What Does Reform Mean to Shop Assistants?

by Our Correspondent Cheng Gang

Although people nowadays still complain about poor service, cool attitudes and brusque answers from the sales assistants in state-owned stores, the attitudes of sales assistants in shops which are succeeding in carrying out reforms are consciously being changed and more and more assistants now aim to satisfy customer needs. The Beijing Department Store, with a staff of 3,600, is one such case.

In the store's musical instrument section a salesman was playing *An die Freude* from Beethoven's Choral Symphony on an electronic organ to attract buyers; in the garments section the salesgirls tried on stylish jackets, dresses or velvet *qipaos* (high collared, close fitting Chinese style dress with low slits on both sides) to attract customers. The girls selling woollen or worsted fabrics draped samples across their shoulders for customers to make their selection.

One of Beijing's four largest department stores, the Beijing Department Store is situated in the busiest downtown area—Wangfujing Street. Carrying

some 32,000 varieties of goods, the store's annual sales are around 400 million yuan. Although known all over the country for its enthusiastic salesman Zhang Binggui, who was also a member of the NPC Standing Committee, the department store was often criticized for the impatience of its sales assistants, for their unwillingness to exchange or refund

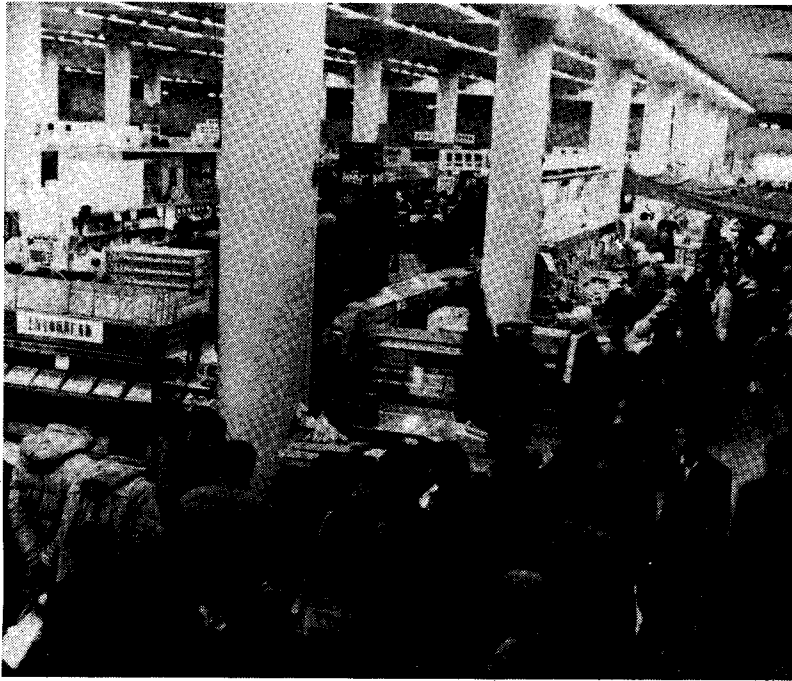
goods, and for their neglecting their posts during work hours.

### To Sell More

Most of the store's assistants love their work. The many young employees chose to work here after successfully passing examinations. Two years ago when the

The Beijing Department Store.





**Crowds on the first floor.**

store advertised to recruit 700 assistants, thousands of young people queued for registration.

Peng Lan from the textile department said the store's main reform involves contracting a fixed quota of sales with each group and each assistant; the sales quota is based on 60 percent of the monthly average of the previous year. A bonus or fine is applied each month, depending on whether or not the quota is met. Peng once fulfilled six times her monthly quota and earned a bonus equal to one and a half month's wages. This was unimaginable in the days when all workers received the same pay whether they performed their jobs diligently or sluggishly. Today, Peng and her colleagues are all trying to sell more.

Creative efforts to attract more customers are now being made. Tang Mei from the garment section said, "I never imagined that sales could rise so high simply by my wearing the new style garments behind the counter."

Nicknamed "Restless," Tang

Yuezeng who sells silk fabrics used to wander from one counter to another during work hours. But this is no longer the case. He once

exceeded three times his monthly quota. "Since the introduction of the fixed quota system, the top three and the three poorest performers are publicized every month. Now everyone can see how well you are working," said Tang. "I'd feel ashamed if those girls did better than me."

Pang from the woollen fabrics section was so shy that she seldom talked with her customers, but now she will readily recommend the goods she is selling. She received a considerable bonus the first month the quota system was put into practise.

The ruling of no return of goods was a headache for customers of the department store. With the reform, the store introduced new regulations allowing the refund or exchange of most goods providing they are not damaged or soiled. Although returned goods may reduce the sales volume, assistants accept the new regulation and seem to respect the store's reputation more.

Some assistants feel that stressing sales volume does not

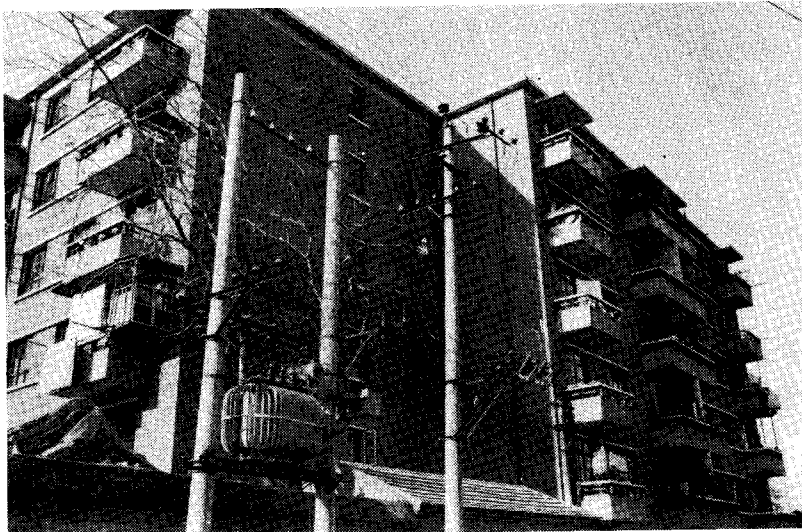
**Pacesetting shop assistant Dong Kelu serving customers.**



solve all problems in the work area. Li Ying, the service pacesetter, explained, "Because some work, such as fetching goods from the warehouse, stacking and cleaning, is not included in the quota, many assistants are unwilling to do these jobs. They now become the duties of the group leaders and pacesetters. I'm used to doing these things quietly, but sometimes I feel I am unfairly treated."

### Serving the People

Some customers are snobbish and rude and make assistants feel "unfairly treated." "I pay the money and you must be at my service." In these situations, although sales assistants feel aggrieved, they will not quarrel with the customers for fear of being fined. Instead, impatience, long faces and harsh replies ensue. But to a pacesetting assistant, such "unfairness" is met with a smile.



The staff apartment building.

Li Ying said, "Such customers only number a few. We have no reason to give them the cold shoulder. We should try to make them satisfied. For after all only we can help change the attitudes of impolite customers."

Li has been a shop assistant for only two years, yet she has already been given the title of a "Zhang Binggui-type sales assistant," which places higher demands on performance than the title of pacesetter. More than 30 assistants have been granted the title of excellence since Zhang's recent death from cancer. One of them Du Xuechang said, "The store doesn't only depend on bonuses to induce assistants to work efficiently. What is more important is fostering a willingness to serve the people well."

Model sales assistant Mu Zaisheng (left) giving one customer special attention.



Checks and supervision from various circles aid greatly towards improving the store's service. The assistants explained that they often underwent various checks from the authorities in charge of the store, from the store leadership and from other stores. During work hours, every assistant should wear a number plaque. Any fault found in an assistant is subject to review and criticism and may lead to a cut in bonus. At the end of each month, all assistants are evaluated, using customers' comments, usually in written forms, as one of the bases on which the appraisal is made.

"Does higher sales volume mean good service?" This was the most hotly debated question at a





Employee Sun Yijin's hobby is calligraphy.

Photos by CHEN ZONGLIE

forum on service held by the store a year ago. The side for the affirmative argued that higher sales were obvious proof that an assistant has done a good job. The opposing viewpoint was that higher sales volumes can be due to the competitiveness of the goods themselves and need not necessarily indicate a good attitude to service. The debate attracted a large number of staff, especially the younger members.

### After-Hour Life

Young sales assistants often carry their concern for their work into their spare time. Wang Wenlin, for instance, studies books on psychology and sociology. He said, "As a shop assistant, I come into contact with all kinds of people. How can I deal with them if I don't understand them?" He uses his reading for coping with new situations at work. Applying consumer psychology, he often speaks first of the shortcomings of goods he is selling when introducing them to the buyers, which wins him the faith of his customers. Wang is one of many dedicated young workers at the department store. Some are studying English, some business management. A total of 155 of the

store's employees have taken up courses offered by Beijing's TV university or study in their spare time in various vocational schools and colleges.

About 70 percent of the staff are below the age of 30. Most enjoy recreational or sports activities in their spare time. One salesgirl said, "We work eight hours a day on our feet and walk a distance of about 30 kilometres a day fetching goods for customers. So I dance in the evening to relax."

Small contests held before or after work hours attract many staff members. The programmes include table tennis, badminton, basketball, football, tug-of-war, skating, ballroom dancing, Chinese chess and bridge. At 7:30 every morning from May to June last year, passers-by saw groups of young salesgirls performing artistic gymnastics to lively music in the small square in front of the department store. This was a callisthenics contest for which each group had spent a month or so rehearsing.

Older assistants also have their interests. For more than 20 years, Dong Kelu has never missed a chance to enter Chinese chess contests in his free time. Another assistant Yan Liankui is a good hand at gardening. Orchids, kaffirlilies and maiden-hair fern

thrive on the balcony of his apartment.

Unlike their young and old colleagues, employees in the middle-aged group have less time to spare for these activities, as they are heavily burdened with household duties. Those with children are busier still. During the last decade, as a sales assistant, 42-year-old Guo Qingxia had to cook, wash, and take care of her child in the evening. She had no time to watch TV or listen to music. If she had any free time, she would rather lie down and rest.

In the store's rest room, mothers discuss sending their children to kindergarten and extending their living quarters. Women staff members make up over 60 percent of the store's total work force. The store and its immediate superior, the Beijing No. 1 Commercial Bureau, have made efforts to help solve their problems. New kindergartens have been opened in recent years, and graduates majoring in pre-school education have been invited to teach in these kindergartens.

An employee of the department store since the mid-50s, Huang Jun and the three other members of his family used to crowd into a seven-square-metre room. In 1984, they moved to a new apartment with a floor space of 40 square metres and are more than pleased with the low rent of the new apartment—around 6 percent of Huang's monthly pay. In China, most apartments are provided by the unit one works with. The department store began to direct funds to constructing apartment buildings for its staff in 1979. Today, almost all senior assistants have moved into the newly built, spacious apartments.

The problem now is providing housing for younger staff members. Many young newly wedded couples are still on the waiting list for an apartment. They are not kidding when they say, "It's more difficult to get an apartment than to find a spouse!" ■

## FACTS &amp; FIGURES

# Thriving Retail Markets

by the State Statistical Bureau

The market both in urban and rural areas was very active last year. But the increase in purchasing power outstripped the growth of supply. Some important commodities were in short supply and their reserves dropped. The number of commodities in great demand increased and retail prices rose quickly. These are all factors for instability in the market.

## Retail Sales Up

The value of commodity retail sales in 1987 increased by a big margin to 582 billion yuan. When price rises are factored in, the increase is 9.7 percent.

**Sales of consumer goods went up.** The retail sales of consumer goods amounted to 511.5 billion yuan in 1987, an increase of 16.9 percent over 1986. The sales of food, clothes and household goods also grew.

Food retail sales were worth 276.3 billion yuan, up 18.1 percent over 1986, a 7.3 percent increase in real terms. Although the people complained about the rise in food prices, their purchasing power also increased. Last year they purchased a total of 96.96 million tons of grain (up 2.7 percent), 4.19 million tons of edible oil (up 15 percent), 9.8 million tons of pork (up 2.5 percent), 2.34 million tons of eggs (up 4.5 percent), 3.49 million tons of aquatic products (up 10.8 percent), 29.45 million tons of vegetables (up 1.5 percent), 29.75 million boxes of cigarette (up 9.1 percent), and 11.38 million

tons of alcoholic drinks (up 19 percent). The sales of sweets, pastries, canned food, prepared meat, dried and fresh fruits, tea and condiments also increased.

The retail sales of clothes grew by 13.9 percent to 88 billion yuan. The sales of fabrics and knitwear remained the same. The retail sales of cotton cloth topped 7.16 billion metres, up 4.4 percent; cotton/chemical fibre blends were 3.42 billion metres, a drop of 2.3 percent; synthetic fabrics, 1.41 billion metres, a drop of 0.7 percent; woollen fabrics, 300 million metres, up 1.6 percent; silk, 1.03 billion metres, up 14.6 percent; and knitted underwear, 1.4 billion pieces, a drop of 2.5 percent. The market for new fashions was particularly brisk. In the first 11 months of the year the sales of woollen and silk garments of the 30 big department stores in the country increased by 8.8 percent over the same period of 1986, that of raincoats by 9 percent and leather and fur garments by 220 percent.

The retail sales of household commodities last year reached 147.2 billion yuan, an increase of 16.7 percent over 1986. Household electrical appliances were still in great demand. The supply of some high quality colour televisions and refrigerators fell short. The production of wrist-watches and cassette-tape recorders outstripped the demand, but their sales did go up slightly, since their prices dropped. The retail sales of televisions in 1987 is expected to have been 23.26 million sets, up

5.8 percent over 1986; of cassette-tape recorders, 16.56 million, up 9.6 percent; electric fans, 25.86 million, up 15.4 percent; washing machines, 14.15 million, up 9.8 percent; refrigerators, 4.12 million, up 45.1 percent; and wrist-watches, 57.69 million, an increase of 1.5 percent.

**Thriving rural markets.** The volume of retail sales on rural markets is expected to have reached 335.8 billion yuan, an increase of 17.6 percent over 1986. Last year the state commercial departments sold 30.4 billion yuan worth of goods wholesale to rural supply and marketing co-operatives (up 8.2 percent) and 15 billion yuan worth of goods directly to the rural consumer (up 14.9 percent). From the industrial departments the rural supply and marketing co-operatives bought manufactured goods worth 56 billion yuan, up 29.6 percent. Of the 33 kinds of goods handled by the supply and marketing co-operatives, 19 saw an increase in their sales. The sales of sugar, cigarettes, silk, knitting wool, rubber shoes, sewing machines and diesel oil went up by between 2.6 and 12.6 percent in that order, while that of washing powder, televisions, cassette-tape recorders, electric fans, washing machines and refrigerators went up by 17.7-130 percent.

The retail sales of farming capital goods last year amounted to 70.5 billion yuan, up 22.4 percent, the highest growth rate since 1971. From January to November the state commercial

departments and co-operatives sold 76.62 million tons of chemical fertilizer, an increase of 5.7 percent over the same period of 1986, 765,000 tons of chemical insecticides (up 18.2 percent), 261,000 tons of plastic sheeting for farm production (up 24.5 percent), 7.4 million tons of diesel oil for agriculture (up 12.3 percent), and 9.14 million insecticide spraying devices (up 20.1 percent). The sales of farm machinery increased by a big margin. The sales of big and medium-sized tractors went up by 63.7 percent, of walking tractors by 40.6 percent, four-wheel small tractors by 48.6 percent and other powered farm machines by 34.9 percent.

## Purchasing Power

**People's purchasing power increased.** In 1987 employees' wages rose greatly since contract systems were implemented further. The pay rises of administrative staff and institution employees which were planned for 1986 were received in 1987. The total wages of employees increased by 12.1 percent over 1986. Farmers' incomes from selling their farm and sideline produce, contract construction, transport, processing and other productive labour went up by 19.3 percent. The total net income of the self-employed increased by 25 percent. Income from other trades also grew. All this increased purchasing power (including that of work units) by 20 percent to 688 billion yuan.

**The supply of commodities increased.** By November last year the state commercial departments and supply and marketing co-operatives had purchased a total of 262.7 billion yuan worth of manufactured goods and farm and sideline products, an increase of 18.6 percent over the same period of 1986. The increase in the volume of retail sales was 16.5 percent.

## Problems

Expenditure increased and the supply growth rate fell behind. This coupled with the inappropriateness of the supply structure precipitated a rise in prices. The retail sales price index in the first 10 months of 1987 was 7 percent up over the same period of 1986. In cities and towns consumer goods prices went up by 8.6 percent. This is bad for the stabilization of the market, for reassuring the people and for the stable growth of the national economy.

People's savings increased to 77.11 billion yuan in January-November, 38.7 percent more than the same period of 1986; urban residents saved 45.8 percent more while farmers 23.8 percent more. This, plus savings not in the bank, accounted for 15.4 percent of the total purchasing power, the highest proportion in history and higher than the 13.7 percent in 1986 and 11.3 percent in 1985.

The great potential purchasing power is a problem not to be

ignored as the supply falls behind, the pattern of supply is inappropriate and the reserves of certain farm and sideline produce and fast-selling manufactured goods drop.

The number of commodities in great demand increased. According to the Ministry of Commerce, of the 453 manufactured goods 189 are in short supply, accounting for 41.7 percent; of the 147 farm and sideline products 53 (36 percent) fall short of demand. This is unusual.

The supplies of pork, poultry, eggs, vegetables and aquatic products were inadequate in 1987, especially pork.

Purchasing power of work units increased too quickly. In 1987 work units purchased 55.3 billion yuan worth of goods, up 19.7 percent in one year, 7 points higher than the increase in 1986; higher also than individuals' increased purchasing power. This has sharpened the shortages in supply, raised the prices and encouraged extravagance in society. ■

## Just Off the Press

**The 13th Party Congress and China's Reforms** seeks to help readers understand the recent congress, the decisions it made and the current status of China's reforms. Written in question-and-answer format, the authoritative booklet deals with theoretical issues as well as practical questions about the political and economic reforms, and strategies for economic development and Party building. Included in the appendix are short biographies of the top leaders of the Communist Party of China. Also included are 24 pages of photos.

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(GUOJI SHUDIAN)

## International Agricultural Aid

### "RENMIN RIBAO"

(People's Daily, Overseas Edition)

With the expansion of contacts with foreign countries, China's agricultural organizations have brought funds, technology, talent and managerial expertise from abroad to speed the updating of technology, and the development of the productive forces and the commodity economy in the rural areas.

China's agricultural departments have established relations with the Food and Agriculture Organization of the United Nations (FAO), international agricultural research centres and other institutions. They have frequent contacts with over 80 countries and regions and have set up bilateral relations in agriculture with about 20 countries. In addition, the Chinese departments have also taken part in various international activities related to agriculture.

—Imports of foreign funds. From 1979 to 1986, China's agricultural, animal husbandry and fishing departments have borrowed from abroad US\$1.28 billion for the establishment of 180 agricultural projects. Of this, the World Bank and the International Fund for Agricultural Development lent US\$717 million; the World Food Programme (WFP) provided about US\$470 million for developing agriculture and about US\$100 million for technical updating.

—Imports of quality strains. According to the Chinese Academy of Agriculture, China imported 61,440 germ plasms and exported 13,624 from 1979 to 1986. Some imports have been directly applied to agricultural production. Some have been taken for propagation. Some have been used to cultivate new varieties.

—Imports of advanced agricultural technology and management. These include plastic covering techniques, mechanized rice cultivation, fish raising in nets and boxes, technology for determining the sex of young chicks and for hothouse cultivation, agricultural chemicals and remote sensing technology.

—Imports of advanced equipment. In the last nine years, China's nine agricultural research centres have been fitted with new equipment. At the same time, some agricultural universities and colleges have imported various kinds of analyzers and audio-visual education materials. In addition, China has imported from abroad mechanized equipment for raising chickens and rabbits, feed-processing equipment, seed cleaners, horticultural facilities, farming machines, spray irrigation machines, potato-processing machines and technology, equipment and technology for wine making, fish meal processing machines and special fish survey boats.

—International co-operation. China co-operated with Japan on improving rice varieties through hybridization in the Yunnan Provincial Academy of Agriculture, and on experiments in growing vegetables in high temperature and in forecasting migratory insect plagues; with Australia; co-operation was to improve sheep breeds and wheat breeding; with Canada China studied potash fertilizer and rape growing. There were also co-operations with such international organizations as a rice research institute, a potato research centre and a maize and wheat improvement centre. In addition, 320 varieties of agricultural chemicals made by about 90 companies in 13 countries have been tried in China

and tests on the residues of 84 agricultural chemicals made by about 20 foreign companies are being carried out on 14 Chinese crops.

—Training. According to incomplete figures, from 1979 to 1986 China's agricultural departments sent out 1,800 students to study for Master's and Ph.D degrees, and from 1980 to 1986 it sent 413 scholars to do research in 16 countries. Some of them have achieved great success. Furthermore, about 100 foreign scholars have worked in Chinese research institutes and universities.

China has established some enterprises abroad and undertaken agricultural projects in many developing countries including 70 projects run by 700 Chinese researchers in Africa. Most of these projects are proving very successful and have won widespread acclaim. China has conducted various kinds of training classes for technicians from developing countries on topics such as marsh gas, freshwater fish-farming, silkworm raising, hybrid rice technology and veterinary acupuncture and moxibustion.

(December 10, 1987)

## Changes in People's Cultural Life

### "ZHONGGUO FUNU BAO"

(Chinese Women's News)

In recent years, the cultural facilities in China's rural and urban areas have developed. Five changes have been felt.

—The state, collectives and individuals invest money jointly in cultural facilities. Now, there are about 2,900 cultural centres at township level in rural areas which were jointly established by the state, collectives and individuals. In addition, 170,000 individuals

have started up such places.

—Some non-cultural departments have begun to initiate cultural undertakings. Now mass organizations, hotels, restaurants and travel services throughout the country have begun organizing cultural activities.

—Public places have been developed into centres for culture, education, health, science and sports. With the deepening of the reforms and the development of the economy, people are no longer content with singing and dancing. To suit the changed conditions, cultural departments have begun to organize classes to study current affairs, science and technology, for recreation and sports activities, and for information transmission.

—To invigorate themselves and speed up their development, cultural departments have started to run profitable projects. Some 43 cultural centres at the township level in Cangxi County, Sichuan Province, offered 315 cultural items in 1986. After deducting the cost of wages and welfare payments, the profits were over 10,000 yuan.

—Many people have changed from spectators to participants and the recreational activities have become more sophisticated. People perform their own works and tutor themselves. Electronic games and other high-tech items have become part of people's pastime.

(November 23, 1987)

## Book Collectors Multiply in Beijing

"BEIJING WANBAO"

(Beijing Evening News)

**M**ore people in Beijing are collecting second-hand books and magazines. Buying, studying and collecting books has

become commonplace.

From January to August last year, the China Bookstore, which mainly deals in reprints of old books and magazines, sold about 2 million volumes.

Its sales have been increasing. For example, total sales last August were double those of August 1986. New copies of classics such as *The Four Books*, *The Five Classics* and *Companion to the Book of Changes* sold out as soon as they appeared on the shelves.

Some rare books in China including *The Histories of the Twenty-Four Dynasties* and the *Encyclopaedia Britannica* which used only to be found in the houses of scholars are seen in more

homes. The collectors range from experts and scholars to primary and middle-school teachers, government functionaries and young workers. These private libraries contain thread-bound Chinese books and ancient rare books in addition to reference books, famous literary classics and practical books.

Some collectors pay high prices. For instance, Li Hang, a worker at a Beijing meter plant, recently spent 800 yuan on about 1,000 books in the China Bookstore. One young man spent 200 yuan on *The Histories of the Twenty-Five Dynasties* reprinted by the Shanghai Bookstore as a gift for his girl friend.

(October 18, 1987)

		1 year	2 years	3 years
USA	(US\$)	24	41	57
England	(£)	13	22	31
Other Countries in Europe	(US\$)	17	29	41
Australia	(A\$)	24	41	58
New Zealand	(NZ\$)	33	56	80
Canada	(C\$)	23	39	55
Switzerland	(SF)	47	80	114
W. Germany	(DM)	57	96	136
Austria	(Sch)	351	597	842
Italy	(Lire)	30,600,	52,000,	73,400

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## New Regulations For JV Partners

Investment Regulations for the Partners of Sino-Foreign Joint Ventures" issued on January 1 by the Ministry of Foreign Economic Relations and Trade and the State Administration for Industry and Commerce will come into effect on March 1 this year. The new regulations are being brought in to protect the legitimate rights and interests of all joint venture partners and to safeguard China's social and economic order. The regulations have 11 stipulations including the following:

— Investments in joint ventures must be made in cash which belongs to the investor, or in goods, industrial property and technology which is free of liens and can be shown to be owned by the investors and available for liquidation by them.

— Investment deadlines should be clearly defined in joint venture contracts. If the contract requires the investment be made in one lump sum, payment must be made within six months of approval of the joint venture. When the contract calls for an investment down payment, 15 percent of the total should be paid within three months after the project is approved. If the partners fail to make the payments on time as required under the contract, their joint venture will automatically be treated as disbanded and the approval of it will become invalid.

— After the first instalment is paid, if the partners fail to pay any further instalments or put in less investment than required three months after the deadline, the industrial and commercial administrative departments have the right to demand that the investment be made within one month. If payment is still not forthcoming, their licence will be cancelled and the joint venture will

be required to settle its claims and debts.

— If any partner fails to make investment on time and ignores warnings to fulfil the contract, that partner will automatically lose the share of the partnership and the partners who have abided by the contract are entitled to

demand from the delinquent partner compensation within one month according to law, and apply for the cancellation of that joint venture and for new partners for a replacement project.

— For joint ventures already approved, if contracts do not include investment deadlines, amendments must be made, or if there are deadlines and a partner has not paid their share of the investment on time, they must deliver the required capital within two months these regulations coming into effect. ■

## Foreign-Funded Enterprises in Dalian

Over 20 foreign-funded enterprises will go into operation this year in the Dalian Economic and Technological Development Zone. They include the Dalian Cassette Tape Co. and a cattle company jointly run with the United States, the Sino-FRG Chain Wheel and Chain Factory, the Dalian Soyabean Oil Refinery Co. (run with Japan), the Dalian Pacific Multi-Layer Circuit Board Co. (with Hong Kong) and an electric motor company wholly owned by a Japanese investor. By 1990 the zone will house over 100 Sino-foreign joint ventures and export-oriented enterprises. Some 60 of these will be joint ventures, 40 percent of them with an investment of US\$1 million or more, and about 45 percent of the registered capital of these Sino-foreign joint ventures will have been raised abroad.

According to Liu Taiming, deputy director of the development zone, by 1990 foreign-funded enterprises with huge investments and advanced technology will make up a majority. For instance, the Chain Wheel and Chain Factory involves a total investment of 99.5 million yuan and the Dalian Soyabean Oil Refinery Co., which takes advantage of the rich soyabean resources

in northeast China, requires an investment of US\$30 million. The investment for the Sino-US waterless alcohol project, with its annual production capacity of 54,000 tons, will reach US\$83 million.

Liu cited the Japanese electric motor company to illustrate Dalian's attractiveness. Before the Japanese Mabuchi Motor Co. established a wholly owned enterprise in the zone, it conducted feasibility studies also in Guangzhou, Tianjin, Shanghai and other coastal cities. It chose the Dalian development zone for four reasons: good transport facilities, better equipment for producing miniature electric motors, a competent technical force and assured supplies of water and power.

Liu hastened to add that he was not implying the environment for foreign investment in other coastal cities was not good, but that the miniature electric motor production equipment in Liaoning Province, in which Dalian is located, is more developed than elsewhere in the country.

Established in 1985 the Dalian Economic and Technological Development Zone affords good prospects for foreign investment in that—

—the water, power, gas and heat supplies, posts and telecommunications, roads, sewage system and other infrastructural facilities have been built;

—adequate public facilities have been built, including hotels, offices, shops, residential quarters, service centres, primary and middle schools, kindergartens, fire services, petrol stations, and wholesale and barter trade centres;

—a large number of talented people have been recruited for administrative, technological and managerial jobs; and

—a fairly comprehensive financial system has been put together, involving various special national banks and local financial institutions under the guidance of the People's Bank of China.

The development zone has made active efforts to expand its economic and technological co-operation with both foreign and Chinese enterprises. Over the last three years, it has established business relations with more than 30 countries and regions in Asia, North America and Western Europe, and played host to some 8,000 foreign business people from 61 countries and regions. The zone has paid particular attention to strengthening co-operation with enterprises in the hinterland of northeast China and encouraged them to use and develop the zone. By the end of last year, 75 projects jointly undertaken with foreign and Chinese enterprises had been approved. They involved a total investment of 904.83 million yuan. Of them, there were 25 foreign-funded projects, involving an investment of 664.05 million yuan.

Of the 25 foreign-funded enterprises, six have already gone into operation and nine are under construction. Some of them have imported advanced technology. For instance, the Liaoning-Inba Co., a Sino-Japanese joint venture, is equipped with advanced imported technology for processing leather and fur products.

Liu Taiming believes that

product exports by the joint ventures will help solve the shortage of foreign exchange in Dalian city.

## Hainan Aquaculture Attracts Foreigners

**T**he rich aquatic resources of Hainan Island have drawn much attention from foreign business circles.

Since the news came out that Hainan will be made a province, many business people from over 10 countries and regions have gone to the island to discuss relevant co-operative projects. Some of them have signed letters of intent with the aquacultural departments on the island to provide fishing ships, to cultivate oysters and to develop aquatic products processing.

Hainan boasts over 600 kinds of offshore fishing resources and farms about 60 kinds of marine products. The annual catch of some species reaches 10,000 tons. The Hainan Aquatic Bureau recently proposed a number of projects for international co-operation:

—Importing 500-700 hp 200-ton (or above) fishing boats, and small freezing equipment and technology for use on fishing boats in order to develop deep-water fishing and the tuna catches;

—Importing production lines for agar, algae foods and fodder;

—Importing funds and technology for freezing aquatic products, fresh-water farming and crab-breeding;

—Importing funds and technology for breeding and catching prawns, groupers, tuna, yellow croakers, oysters, crabs and jelly-fish.

The island already has concluded agreements on seven co-operative projects in aquaculture with foreign businesses.

## News in Brief

■ China International Trust and Investment Corp. (Holdings) on January 5 took over a big military factory under the State Commission of the Machine-Building Industry. The corporation will technically upgrade the factory and turn it into an important production base for machinery, electronic products and high power products.

The corporation has 190 enterprises at home and abroad and this should further improve its business.

■ On January 15, the Ministry of Finance opened a two-week international symposium on finance and bonds in Shenzhen, Guangdong Province. At the symposium financial experts and scholars from Britain, the United States, Japan, Federal Germany, Switzerland and Singapore will speak about those countries' financial markets and will exchange views on questions of common interest with their Chinese hosts.

■ China and the Arab Yemen Republic have signed a loan agreement for a 127-km highway to run from Jahana to Mareb through Sarwah, and for the Reian and Sana'a dams in Sana'a Hamdanie.



## Zhao Zhongxian: A Superconductor Star

He put a piece of magnetic iron in a small thermos bottle, poured in liquid nitrogen, then steadily placed a small round piece of superconducting material one centimetre from the mouth of the bottle. The superconducting material was amazingly suspended as if some kind of magical strength was supporting it. The experiment was demonstrated by the scientist Zhao Zhongxian, well-known for his development of new superconductors. "This is simply a suspension phenomenon," Zhao said quietly as he began presenting his paper at the Symposium of the Third World Academy of Sciences held in September 1987.

At the symposium Zhao was awarded a physics prize for his contributions to the development of high temperature superconductors, and particularly for his success in achieving superconductivity with lutrium, barium, copper and oxygen above liquid nitrogen temperatures.

The phenomenon of superconductivity was discovered in 1911. Some substances offer almost no resistance to the flow of electric current in low temperatures, so the current loses no energy as it passes through these materials or superconductors. This is an ideal conducting state with great economic potential. For years, people have been searching for materials which can act as superconductors. The temperature at which these materials change from resistant to non-resistant in character is called the transition temperature. This temperature is calculated in relation to absolute zero (-273°C or zero K).

Last February, Zhao and his colleagues developed superconductors with transition temperatures above 100 K, a characteristic both local and overseas scientists have long been seeking.

Zhao Zhongxian, 47, was born in China's northeastern Liaoning

Province, and graduated from the Chinese University of Science and Technology in 1964. In 1975, he was sent to Cambridge University where he continued his studies for two years. In 1986, he and his classmate Chen Liquan organized a group of 13 people to engage in superconductor research. After less than one year, they found superconductors with transition temperatures of 48.6 K, and discovered that these materials act as superconductors at 70 K.

After receiving the physics prize awarded by the Third World Academy of Sciences, Zhao said there was no satisfying theory on superconductors and not enough experimental data. He suggested that China should solve concrete problems relating to superconductors. It is useful to look to practical applications before solving the theoretical problems. He said, "Theory only provides a train of thought and a method. It can not offer anything concrete."

Zhao recalled his past. He has strong memories of his old middle school and thinks that his education at that time enriched his field of vision. Zhao is fond of writing poems and during his university career he played in a wind instrument band. His wife, who was his university classmate, is now teaching in the physics department of Beijing University.

Zhao emphasized that scientists should select their own subjects for study according to state needs, and carry out their studies independently, while absorbing contributions from abroad.

In view of the keen competition among world scientists involved in superconductor research, he suggests that China's scientists organize and join forces. He said, "It is time to prepare for a protracted war."

When asked about his strongest wish, Zhao answered, "I hope the Chinese people will win the Nobel Prize soon."

by Wei Liming

Zhao Zhongxian (right) analysing and testing materials for superconductivity.

SHAO XIAOCHUAN





## Tibetan Dance Drama Has National Flavour

The mythical dance drama "Prince Dunyue and Prince Dunzhu" is a new work by Tibetan artists from the southern part of Gansu Province in northwest China. Based on a Tibetan opera, it tells the story of two half brothers, who choose fraternal love before the crown. Jealous of Prince Dunzhu's right to the throne, the imperial concubine, Dunyue's mother, conspires to murder him. Dunyue is indignant at his mother's evil intention and gives up his title of crown prince won by default to go into exile with his elder brother. The drama presents the suffering and hardships they experience before their final return home.

The Tibetan flavour of the drama comes out most strongly in the group dances which use dance movements typical of the Tibetans in Gansu.

The "Bow Dance" depicts the powerful vigour of the young Tibetan hunters. The dance movements are spirited and forceful, giving an impression of the energy and candour of young Tibetans.

"Monkey Dance" represents a group of monkeys playing with the two princes. The choreographer



Dunyue and Dunzhu reunite with their father.

YANG LIMING

used monkey-like actions to create a particularly lively and interesting dance.

The "Peacock Dance" is light and elegant with its evocative imitation of the movements of the peacocks. The dancers' wide, circular skirts are spread high to resemble the peacock's fan-like tail.

The "Puppet Dance" is performed to please Dunyue's mother. In the dance, derived

from Tibetan folk art, the artist's long cloak forms the curtains behind which puppets dance and change in size as the cloak is opened and folded. The puppet show becomes just like a miniature magic act.

"Luoluo Dance" is one of the most beautiful pieces in the drama. It depicts the special ceremony held during the draught season to pray for rain. Sixteen girls bend and sway back and forth in changing formation to convey the rising and falling of sea waves. The song from a mezzo-soprano behind the scene adds a solemn note to the performance. When it finally rains, the dance becomes lively to show the joy and gratitude of the people.

Since its debut in 1985, the drama has been performed 130 times and won high praise from both audiences and artistic circles. The artists not only give performances in cities but also in rural, farming and forestry areas where they are warmly received by peoples of many different nationalities.

by Hong Lanxing

Prince Dunyue and Prince Dunzhu

YANG LIMING



## After the Agreement on Medium-Range Missiles

*This is the first 'Beijing Review' forum. Forum will feature the private opinions and views of experts, scholars and other readers on domestic matters, foreign relations and international issues. We hope this column will enrich the content of our magazine. — Ed.*

President of the United States Ronald Reagan and Soviet leader Mikhail Gorbachev formally signed the agreement on intermediate-range nuclear forces (INF) on December 8. If this agreement is carried out, it will be the first step towards nuclear disarmament. It is a welcome development. But I do not believe that the pact will have much effect on the strategic targets and the military situation of either side.

Reviewing past US-Soviet negotiations on weapons, the two sides arrived at some agreements, but their nuclear arsenals have not been reduced. On the contrary, the number of nuclear weapons has risen, and this has resulted in both the disarmament negotiations and the arms race.

The US-Soviet arms rivalry has constantly escalated and spilled over into outer space. To safeguard world peace, people make the reasonable demand that the United States and the Soviet Union share special responsibility for disarmament and take the first action to reduce substantially all kinds of nuclear weapons, including space weapons, and chemical, biological and large-scale destructive weapons, as well as conventional weapons.

The signing of the INF treaty proves that the two superpowers—the United States and the Soviet Union—needed to reach an agreement on disarmament favourable to both sides for economic and strategic reasons.

For decades the United States and the Soviet Union have conducted an unceasing arms race, at a heavy cost in terms of funds, manpower and materials. Their military expenditure has been so big that it has had a serious impact on their economies. The

large financial deficits and huge debt of the US government have turned the United States from the world's biggest creditor to its biggest debtor. The US Congress, with its Democrats majority, has put strong pressure on the Reagan administration to reduce arms and balance the budget. Similarly, the Soviet Union has been competing with the United States in the costly arms race for years, and this has led to stagnation in its national economy.

Under the circumstances, the Soviet government has lowered the targets for national income and social labour productivity in its national economic development programme. As part of Gorbachev's "rethinking" of foreign policy, he introduced the concept of a reasonable number of weapons. The Soviet side hopes to slow the arms race to an appropriate pace and said that future weapons development will take place on the basis of a reasonable number of weapons, or enough for defence, without wearing down its economy in the arms race with the United States.

Strategically, the United States and the Soviet Union have fundamentally relied on mutual deterrence, that is, the two sides use the existence of retaliatory nuclear forces large enough to destroy each other as a means to maintain the strategic balance between them. This has led to the constant escalation of strategic nuclear forces that has gone on for decades.

Although each side's nuclear arsenal has attained overkill capacity, no country can realize the aim of defeating its enemy in a future war. The result of such a war would only be mutual destruction. The key point is that

the two sides are using the most advanced technology in the military sector in order to seize the military edge.

The requirements of military technology are stricter than ever before, especially if the two sides continue to pursue the outer space arms race, which has already started. With its superiority in sophisticated technology, the United States formally launched its Strategic Defence Initiative or "Star Wars" programme in 1983 so as to add a strategic defence system to its offensive system. If the defence system is a success, it will be deployed at the beginning of the next century.

In accordance with the Anti-Ballistic Missile Treaty of 1972, the Soviet Union has already deployed an anti-ballistic missile system around Moscow. But this is inadequate to deal with the new US challenge. The Soviets have made it clear that if the United States were to start the militarization of space and thus destroy the strategic balance, the Soviet Union would have no choice but to recover the balance through counter-measures.

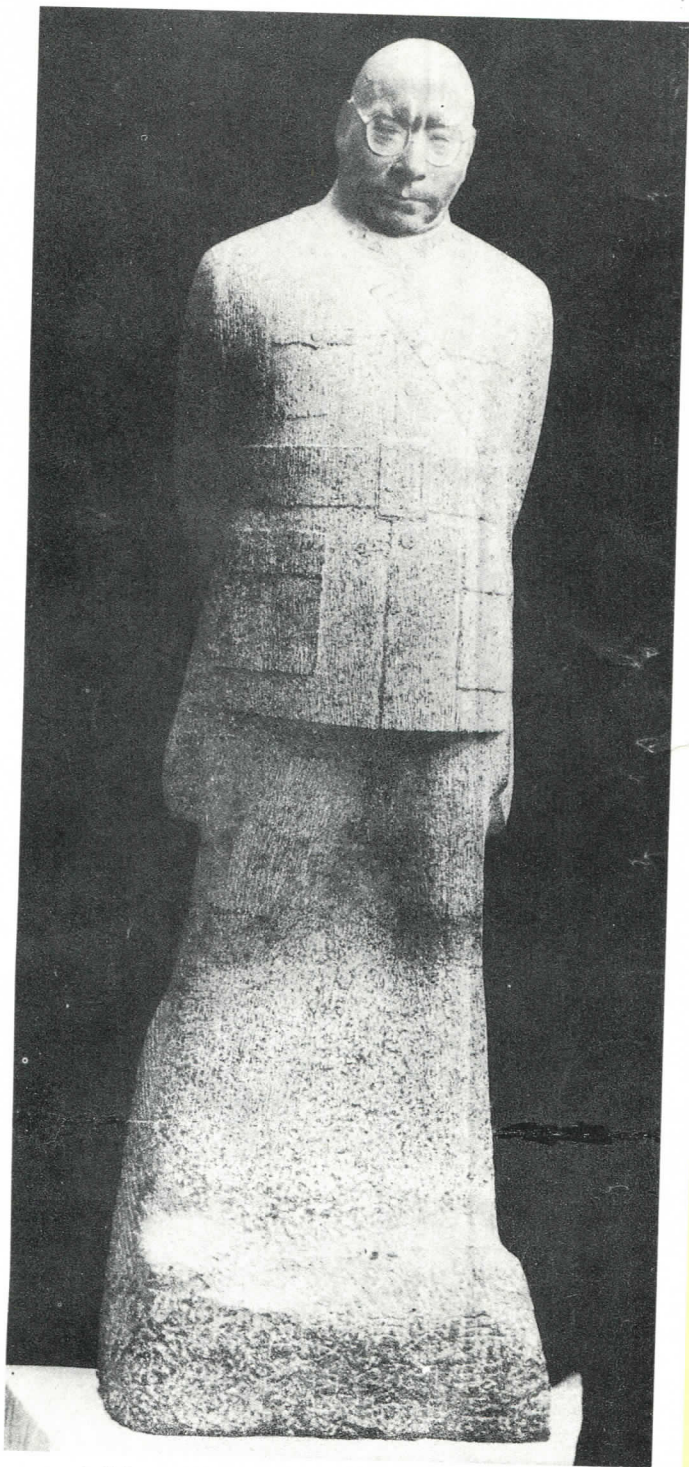
The Soviet side has confirmed for the first time that it has been conducting strategic defence system research similar to that of the Americans. This proves that the strategies of both countries include a contest of comprehensive strength in the next century. Their military strategic thinking has moved away from the idea of having only offensive weapons and towards developing both offensive and defensive capabilities. Therefore, it is no wonder that the US-Soviet arms race and disarmament negotiations are in a constant state of flux.

by Wang Shuzhong

## Sculptures by Xing Yongchuan

Xing Yongchuan, born in Jiaocheng County, Shanxi Province, in 1938, now teaches at the Xian Academy of Fine Arts.

Xing is skilled in figure sculpture, combining Chinese style with current vogues.



Anti-Japanese commander Yang Hucheng (1892-1949).

**ART PAGE**



China's Song Dynasty poet Su Dongpo (1037-1101).

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