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Coastal Areas: Boom Expected in Year of Dragon



BEIJING AWAITS THE YEAR OF DRAGON



The Beijing Nationalities Hotel makes various dragon motif souvenirs.



The Beijing Nationalities Hotel is creating a dragon hall.

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Cover: Dragon dance (paper-cut).	
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HIGHLIGHTS OF THE WEEK

Zhao Calls for Creative Thinking

■ In an article entitled "Let Us Further Emancipate Our Minds and Productive Forces," Zhao Ziyang reviews China's reforms and discusses the key role of independent thinking in the success of the country's modernization programme (p. 5)

Features of China's Primary Stage of Socialism

■ The coexistence of diversified forms of ownership with public ownership, China's low level of productive forces and the gradual replacement of the natural economy by a commodity economy are the economic features of the primary stage of China's socialism (p. 14).

Taiwan's Changing Policies Benefit Contacts

■ Since March 1986, Taiwan authorities have slowly but surely brought about changes to their mainland policies. A Taiwan affairs researcher tries to pinpoint the fundamental reasons for the changes (p. 17). A special report covers Taiwanese visits to the mainland (p. 21).

Sino-US Relations Over the Past Year

■ Interference by the United States in China's internal affairs has caused some instability in relations between the two countries over the past year. Since Sino-US relations have a major influence on the world situation, people of both China and the United States desire their continued development rather than stagnation (p. 25).

Western Europe Strengthens Its Unity

■ With the East-West strategic situation changing and world economic instability growing, West European countries are taking measures to safeguard their security, speed up European construction and play an active role in international affairs (p. 28).

Year of the Dragon Begins

■ February 17, 1988, marks the beginning of China's year of the dragon. Articles on what the dragon symbolizes and how artistic representations of it have changed over thousands of years, as well as special tourist activities featuring the dragon theme this year are carried in this issue (p. centrefold & p. 32).

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The Coast to Intensify Its Export Orientation

by Geng Yuxin

Recently, Zhao Ziyang, general secretary of the CPC Central Committee, proposed an economic development strategy for China's coastal areas: Orienting their economy to the world market—making more exports and importing more foreign investment. This should improve these areas' technological and managerial levels as quickly as possible and help boost the development of China's central and western regions which are now relatively backward (see Issue No. 6). This strategy aims to link China's economy more closely with the world economy. This should benefit both sides and has aroused widespread attention.

The coastal areas were opened up to the outside world first. They include four special economic zones, 14 coastal cities and five economic development zones, as well as the Hainan Island (a large island which will soon receive province status and be made a special economic zone). The areas under discussion could include as many as 200 million people. They should concentrate on developing labour-intensive industries and, in places with favourable conditions, high-tech industries will be developed too. They should also seek their raw materials and markets for their products abroad and become more involved in international exchanges and competition. They must improve their investment environment and attract more foreign investment with favourable terms to set up enterprises and re-equip existing enterprises. Foreign investors must be allowed to manage enterprises according to international norms.

This strategy is on the

continuum of the open policy which has been implemented successfully for the last nine years. The development of an export-oriented economy was a requirement first made of special economic zones and foreign-funded enterprises, meant to correct China's trade deficit and its shortage of foreign exchange. Its extension to all coastal areas is also an expansion of these narrow purposes.

A technological revolution has been sweeping the world. It has brought many changes to the world economy and people's lives. The developed world is experiencing fundamental alternations to its industrial structure, with knowledge-intensive high-tech industries developing and labour-intensive industries moving to places where labour costs are lower. Some developing countries and regions have benefited from the influx of foreign funds which have helped build export-oriented economies there. China, however, lost out by being cut off from this process through its former isolation.

Now China is also readjusting its industrial setup. It is shifting rural surplus labour into industrial production. It is estimated that before the end of the century, about 180 million rural labourers will have taken up jobs in industry, commerce and service trades, always on the understanding that the growth rate of agricultural productivity is maintained.

This strategy, with its focus on importing more foreign funds and technology, promises a total value of exports (mainly products processed by labour-intensive industries) of US\$150 billion for China by the year 2000, as

compared with US\$34.6 billion last year. In the course, 60 million rural people will be employed by the labour-intensive industries. Transport, commerce and services will grow correspondingly, providing jobs for 120 million people.

This transfer of rural surplus labour has been made even more urgent by the enormously greater returns which industry provides over agriculture. At present, the average annual per-capita output value of agriculture is 1,300 yuan, while that of rural industrial enterprises is 7,500 yuan and of state enterprises, 16,000 yuan. The large gap is due to the price differences for products and labour productivity differences caused by an inferior technology and mechanization in agriculture. Since 1979, the output value of rural industries has shot up at an annual rate of 28 percent. Last year, the output value of rural industries for the first time outstripped that of agriculture and some 85 million farmers (more than 20 percent of the total rural labour force) moved into non-agricultural trades.

The coastal areas are ideally suited to this transition. They not only have cheaper, better qualified labour but also the advantage of better transport facilities, better infrastructures and better access to science and technology. They can more quickly develop export production and thus be more attractive to foreign investors. Exports made by rural industries were worth US\$5 billion last year, 16 percent of the nation's total exports. Of these rural exports, the overwhelming majority came from the coastal areas. At present, these areas have over 11,000 export-producing rural enterpr-

ises. They turn out a large variety of products, including household electrical appliances, toys, silk, garments, carpets, machinery and electronics.

The authorities of the coastal areas are now studying the economic development strategy put forward by Zhao Ziyang and making plans to attract more foreign investment.

These plans are seen overseas as a new opportunity and a new challenge for international capital. Some people abroad are worried that China might become a powerful competitor for its neighbours, including even Japan. In a sense, it is true, but, it is exaggerated.

In fact, competition on the international market has always been there and it has grown fiercer because of the reappearance of trade protectionism. China is simply a late comer in this competition, and compared with its large territory and huge population, its share of international trade is negligible.

Furthermore, in this shifting of labour-intensive industries China is in a particularly good position, having an ample labour force, and it is only natural for it to take advantage of this opportunity. Of course, there will be competition but the process will boost overall economic development in the world.

As an advocate of the new world economic order, China has always followed the principle of equality and mutual benefit in its international economic and trade exchanges. Its development will not pose a threat to other places. On the contrary, it will promote greater overall prosperity, a balanced development of the world economy and the establishment of the new international economic order. China's energetic participation in the competition on the world market will not lead to confrontation, rather, it will provide more choices for foreign investors and an opportunity for common development. ■

Zhao Urges Independent Thinking

Newspapers in Beijing on February 7 carried an article by Zhao Ziyang, general secretary of the Central Committee of the Communist Party of China (CPC).

In the article, entitled, "Let Us Further Emancipate Our Minds and Productive Forces," Zhao reviewed China's reforms of the past nine years and expounded on the guidelines of the 13th CPC National Congress, which was convened last October.

Zhao described the Third Plenary Session of the 11th CPC Central Committee, held in late 1978, as "having re-established a Marxist ideological line for the emancipation of our minds and seeking truth from facts, while explicitly defining the development of productive forces as the centre of all work." This was the meeting's greatest success, he said.

At that time, although there were no concrete schemes for the reform, such a correct ideological line provided the broad masses of the people and cadres at various levels with the possibility for exploration and chances for choice in their own practice."

Talking about the contract responsibility system in rural China and factory reforms, which started by allowing more independence in management, Zhao said that these methods had already been adopted in some localities in the early 1960s.

Then, owing to an erroneous ideological line, they were criticized and put down as revisionist practices.

The party took a different attitude when these methods re-emerged in 1978, as it found that they would definitely benefit the development of the productive forces, Zhao said.

Even so, the party did not try to promote them nationwide im-

mediately so as to allow people with different views more time for independent thinking and making their own comparisons.

But in less than a year the responsibility system was spread. "This was not the conclusion of any particular person but the result of practice," Zhao said.

"During the process of practice, the people's minds were emancipated, and so were ours," he said. "The people made their creative contributions and we recognized and summarized their achievements, thus bringing about good results."

In urban reforms, the contract system for enterprise management, leasing, shareholding and issuance of bonds were all handled in compliance with the formula, "practice, knowledge, again practice and again knowledge," according to the materialist theory of knowledge, Zhao noted.

"Thus it can be said that the advance and popularization of every measure taken in the reform was the result of the emancipation of the people's minds," he said.

He called the theory of the primary stage of socialism put forward at the 13th National Party Congress "a leap in the process of cognition about China's actual conditions."

He pointed out: "This was the result of mental emancipation in the past nine years and should be taken as a new starting point for mental emancipation in the future."

To emancipate our minds does not mean to encourage impractical imaginings. On the contrary, the essence of mental emancipation lies in daring to seek truth from facts, he stressed.

"Whatever is good for the development of the productive forces and the improvement of the people's life should be recognized.

experimented with and explored," he said. "The more developed the productive forces, the more attractive the socialist system."

Zhao urged all Party members to study the documents of the 13th National Party Congress in order to make this the springboard for the emancipation of their minds.

Political Bureau Meets on Economy

A meeting of the Political Bureau of the Chinese Communist Party Central Committee called for efforts to resolve contradictions and problems in the course of advance so as to ensure a continuous, steady and co-ordinated development of the entire national economy.

The fourth meeting of the bureau on February 6 found that China's economic situation last year was "remarkably good" and enormous experience had been gathered for further development.

The meeting concluded that last year's production, construction, circulation of funds and foreign trade were better than expected. Big progress was made in overall economic control, and certain unstable factors long existing in economic life have been alleviated.

Overly high price increases were a major problem last year, the participants said. Food prices were the heart of the problem.

To solve the problem, they said, new conditions should be studied and new measures taken. The key point is to apply the law of value and take steps that can benefit production on the one hand and people's living standards on the other. By doing this, the public will be reassured and reforms can be carried out smoothly.

On this year's economic work, members reaffirmed the principle of stabilizing the economy while accelerating the reform.

The economic development

strategy for coastal areas advanced recently will place these areas in international market competition. It will also promote the economic development in central and western areas.

This important strategy, which is vital to China's modernization programme, should be implemented speedily and resolutely. Therefore, participants said, the reform of the foreign trade system should be accelerated.

The meeting held that the contract system for enterprise management should be further carried out and perfected.

China Seeks More Investment Input

It is our hope that before long people from all over the world will realize that China, especially its open coastal area, is a most attractive place for investment and technology input," Chinese leader Zhao Ziyang said in a speech televised via satellite at the 1988 meeting of the World Economic Forum, held in Davos, Switzerland.

Zhao, general secretary of the Chinese Communist Party, based his comment on the facts that

labour costs in China are comparatively low, productivity is rising, and laws and regulations are being improved.

He told the nearly 1,000 participants at the meeting that since late 1978, when China decided to open up to the outside world, the government has taken two major steps to overcome the difficulties in implementing the policy. The first step was to improve the investment environment and economic returns in China through economic restructuring; the second was to adopt a plan to extend the open policy progressively from special economic zones to coastal cities, coastal economic regions and finally to inland areas.

Now, he said, a vast strip open to the outside world is taking shape in the coastal region. The area has a population of more than 100 million. It has China's oldest industrial bases, fertile farmlands and a fairly developed commodity economy. The cultural and technical levels are generally higher than elsewhere in China, and there is a more skilled labour. Moreover, amid fierce market competition over the past nine years, many rural enterprises have sprung up and thrived, with

Zhao speaks to the meeting via satellite.

WU GUOJI



an annual increase of 20-30 percent in output value. The area is well equipped for international economic exchange.

Zhao told the meeting that China is going to open a new area for foreign investment. Hainan Island—the country's southern tip—will be China's biggest special economic zone with the most favourable terms, he said.

The island is three-quarters the size of Switzerland. Situated in the tropical zone, it abounds in natural resources. It can be seen as a virgin land yet to be developed.

"Our preparations are now under way for opening up to the rest of the world," he said, adding, "We welcome people from other countries to invest, exploit the island's resources and do all kinds of business, including real estate." When asked if China is going to establish a better balance in its economic co-operation with Japan, Western Europe and the United States, Zhao said China's open policy is oriented towards the whole world, and business people from all countries have equal chances. "The most competitive partners are the most attractive."

He said competitiveness is determined by a combination of factors—the volume, term and interest rates of investments; the quality, price and delivery time of goods; terms for technology transfer and technical services; and quotas and tariffs on imports from China.

These considerations apply to all countries, Zhao said. The most competitive will find more Chinese business coming their way.

Zhao said it is a welcome sign that US-Soviet relations have recently eased, particularly against the background of their sustained sharp confrontation over the years. But he noted that the step they have taken is very limited, since the arms race is far from being halted and none of the

world's "hot spots" have been eliminated.

Although achieving a genuine relaxation of tension will be a long and difficult process, he said, the recent trend towards relaxation is the result of efforts by all the peace-loving countries and people around the world. "We welcome all measures taken by the United States and the Soviet Union that are conducive to the relaxation of tension," he added.

The Chinese leader said that China's fundamental policy on international affairs is one of persistent efforts for the maintenance of world peace.

On the question of China's relations with the United States and the Soviet Union, he said, "In recent years Sino-US relations have developed steadily and Sino-Soviet relations have also improved gradually." However, he noted, "I have no wish to deny that problems still crop up from time to time in Sino-US relations and that obstacles in Sino-Soviet relations remain to this day."

He said he hopes that the US government will strictly abide by its three joint communiques with the Chinese government and that the Soviet Union will try to remove the obstacles to improved relations with China. "If every country works for peace and respects each other's sovereignty, things in this world will be easy to handle."

Zhao's speech was warmly received by a packed audience at the forum. Pentti Laukontaus, vice-president of a leading trading house in Finland, said that everybody got an unmistakable message from Zhao. "He was persuasive, warm, easy and modern," Laukontaus said.

The World Economic Forum, an annual "economic summit," is attended by chief executives, government leaders, academic experts and media representatives. ■

Zhao Praises Sihanouk's Efforts

The Chinese government understands and respects the efforts made by Samdech Norodom Sihanouk to find a just and reasonable solution to the Kampuchean problem, Chinese Communist Party (CPC) leader Zhao Ziyang said on February 1.

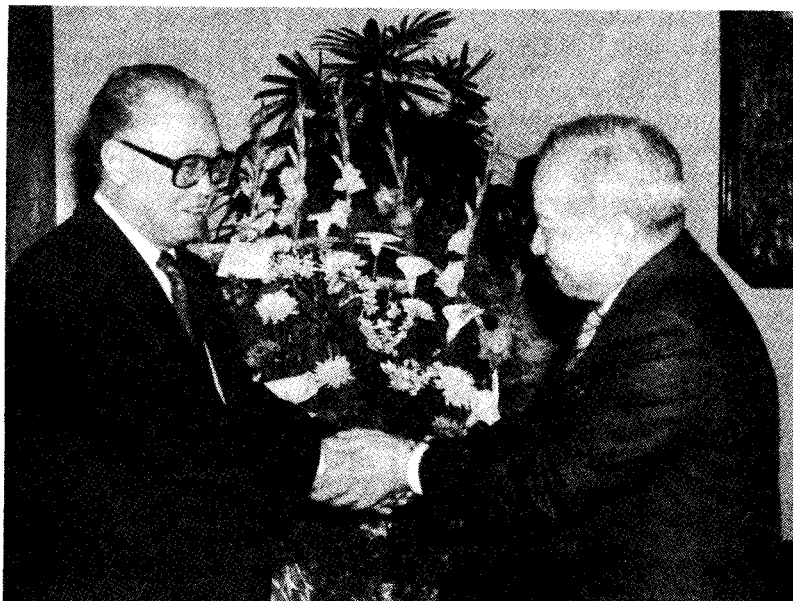
Sihanouk, who announced his resignation as president of Democratic Kampuchea in Beijing on January 30, briefed Zhao on his second face-to-face meeting with Hun Sen, "prime minister" of the Viet Nam-backed Phnom Penh regime. The talks, which took place in France, ended on January 21.

Sihanouk said no progress was made during the talks because he had held firmly to his position. He said he will never be the head of state of the so-called people's republic of Kampuchea and added that he favours the establishment of a four-party coalition government to supervise a future general election.

Viet Nam must withdraw its troops from Kampuchea, Sihanouk said. The so-called people's republic of Kampuchea must be dissolved, a general election held under the supervision of an international supervisory committee, and international peace-keeping troops stationed in Kampuchea to maintain peace and security.

He said he has given up his plan to have a third meeting with Hun Sen in the Democratic People's Republic of Korea this April. This, he explained, is because Hun Sen is not an independent leader but rather is completely manipulated by his masters in Hanoi.

Besides, Sihanouk said, Viet Nam is still stubbornly holding on to its position. "However, if the Vietnamese invite me to talks, I will accept," he added. "If the Vietnamese bring Hun Sen with them in the talks, I can also agree."



Zhao (left) greets Sihanouk.

LIU JIANGUO

Zhao expressed his appreciation of and admiration for Sihanouk's sticking to his principles during his meetings with Hun Sen.

China believes Sihanouk will continue to play an important role in accordance with the Kampuchean people's fundamental interests, Zhao said.

Meanwhile in Bangkok, Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, asked Sihanouk to reconsider his resignation, a spokesman for Son Sann's office said on February 1.

Son Sann said, "The Kampuchean people's struggle against Vietnamese aggression needs the leadership of Prince Sihanouk, and we hope that he will continue to be our leader," the spokesman reported. ■

One-time Reformer Told to Retire

In the middle of January, it was decided by the Zhejiang provincial authorities that Bu Xinsheng, one of the country's most renowned reformers, should leave his posts, one of which was director of the Haiyan Shirt and

Blouse Factory. Bu was blamed for his arrogant, cocky attitude, and his arbitrary and even rude leadership style, as well as his poor knowledge of modern management. The factory, suffering under his management, was in total disorder and debt-ridden.

Last December, an investigation of the factory by a local government team found that 96 percent of the staff and workers did not trust Bu.

To save the factory, which is now on the edge of bankruptcy, the local government decided to pay off the factory's debts and choose new director. The new director will contract out the factory, and, when it becomes profitable, the factory will repay the money paid out by the government.

Bu, 56, started out as a tailor, when the predecessor to the Haiyan Shirt and Blouse Factory—a sewing cooperative—was founded in 1956, with only 30 employees. It grew into a processing factory in 1975 with a staff of 73 and fixed assets of 22,000 yuan. But the factory was on the verge of closing down as it was making poor returns and could hardly afford the retired

workers' pensions.

In 1979, the year China began to introduced reform and opened its doors to the outside world, Bu initiated radical thorough reforms in the factory. These included market expansion by developing new products in response to consumer needs. Bu decided to sell the products directly from the factory rather than through the more commonly used commercial departments. In his wage reforms, he concentrated on eliminating absolute egalitarianism. The new system stressed that the workers' remuneration should be determined according to their quotas. Those workers who exceeded their quotas are rewarded while those who fail to meet them have their wages reduced.

In 1983, the factory made a profit of 528,000 yuan, 100 times that of 1976. Its fixed assets came to 1.07 million yuan the same year, an increase of 49 times the level of 1979. In 1984, the number of employees increased to 630.

After mass media coverage of Bu's reforms, the small factory and the county was famous all over the country. As one of the trailblazers, Bu was elected a delegate of the Chinese People's Political Consultative Conference. He appeared on television, his story was written up in the newspapers, and he featured on the cover of many magazines including *Beijing Review*.

However, by November 1987, according to Xinhua News Agency, the factory had debts of 10.14 million yuan, and its total capital was only 10.07 million yuan. The former clean, garden-like factory had turned into an untidy one overgrown with grass, and in the previous busy scene workers were aimlessly dillydallying about, Xinhua reported.

Bu, intoxicated by praise, and constant attention from reporters, indulged in meetings with a merry-go-round of visitors. He isolated himself from his colleagues and workers; even the deputy director could not meet with him unless his

office arranged an appointment, Xinhua added. Bu made no further progress in reform but allowed things slide back.

After his wide public exposure, Bu made some very bad decisions. He spent a lot of money to import an assembly line for making western suits and ties, thinking the suit craze would last.

Some people said the major reason for his mistakes was that he thought his fame would allow him to do anything he wanted. Others said he was biting off more than he could chew. He made speeches everywhere. He wanted to run for mayor of Shanghai. And he planned to establish "Bu Xinsheng" companies in the United States and Hong Kong, and the ambitious "Bu Xinsheng Garments Trust." However his abilities, knowledge and time were limited. Still he refused to listen to others and gave up an opportunity to improve his management skills by failing to attend a manager training class at Zhejiang University.

Bu was a very controversial figure during his rise to fame. His critics said he behaved like a capitalist and he was arrogant and rude. Now, in his decline, he is once more the subject of controversy, and his story is again a hot piece of gossip.

Some people say it is unfair to lay all the blame for the factory's failure on Bu, and that his leaders should bear some responsibility as they had encouraged him to import the assembly line. Others said the failure is a lesson to all the reformers and entrepreneurs, and that they need to "improve their qualities." Many hope that Bu will re-emerge in the future.

Meanwhile, the mass media are also coming under fire. According to a Chinese proverb, "The water that carries the boat is the same that swallows it." The mass media are likened to the "water." Some said it was through the media that Bu became the perfect reformer and the sorry loser.

by Li Haibo

Weekly Chronicle (February 1-7)

POLITICAL

February 1

■ Zhao Ziyang, general secretary of the Communist Party of China, meets Zhang Xingrang, who developed an innovative method of enterprise management, known as "full-load operation."

Zhang, director of the Shijiazhuang No. 1 Plastic Factory in Hebei Province, is the first person to win an invention award for enterprise management in China.

■ The working groups of the Chinese and Soviet delegations to the Sino-Soviet boundary talks have ended their first meeting in Moscow. They discussed the alignment of the entire eastern sector of the boundary, Xinhua reports.

The next meeting of the groups will be held in Beijing in April.

February 2

■ At a recent meeting in Beijing with Taiwan residents now living in the United States, Yang Shangkun, vice-chairman of the Central Military Commission, told his guests that he wants more Taiwan people to come to the mainland to share their views on state affairs, *Voice of Taiwan* reports.

He said: "First of all we should have a common understanding, that is, the mainland and Taiwan are sure to be reunified. Without reunification, Taiwan can't hope to enjoy stability." Taiwan residents who worry that reunification is contrary to their interests are victims of a misunderstanding.

ECONOMIC

February 1

■ China produced 15,100 tons of rare earth last year, ranking No. 1 in the world and leaving the United States behind for the first time, a Chinese government official says.

China's rare earth reserves

account for 80 percent of the world's total and the country has an annual production capacity of 18,000 tons.

February 5

■ China opened 124 co-operative companies and Chinese-funded enterprises in foreign countries, Hong Kong and Macao in 1987, *International Business* reports.

The figure brings the total number of such enterprises to 385, with a total investment of US\$1.78 billion, of which US\$623 million represents Chinese investment. Of the 124 enterprises, 88 percent are in developing countries.

CULTURAL

February 4

■ A proposal by the State Science and Technology Commission to allow scientists and technicians to take a second job in their spare time for extra income has been approved by the State Council, Xinhua reports.

The policy, which aims to tap the potential of China's research forces and promote the interflow of personnel and knowledge, has been tried out in many places over the past two years.

SOCIAL

February 4

■ An increasing number of couples in Shanghai are resorting to contracts instead of legal suits to end their marriages.

A recent survey by the municipal Civil Affairs Department shows that last year about 3,300 couples, representing three-quarters of the divorces in Shanghai in 1987, ended their relationships by contracts.

FOREIGN RELATIONS

February 3

■ The governments of China and Uruguay issue a joint communique in New York announcing their decision to establish diplomatic relations at the ambassadorial level.

GREECE-TURKEY

Summit Aims for Lasting Peace

Greece and Turkey have agreed to resolve their long-standing disputes and establish peaceful and co-operative relations.

Greek Prime Minister Andreas Papandreou and his Turkish counterpart Turgut Ozal have issued a joint communique saying the two countries have agreed to concentrate their efforts on developing lasting peaceful relations, although "solving cumulated problems" will require time, goodwill and hard efforts.

The communique was issued on January 31, following two rounds of "frank and open" talks in Davos, Switzerland, where the leaders were attending an annual international economic seminar.

Greece and Turkey nearly came to war last March in a dispute over territorial and mineral rights in the Aegean Sea. "From now on, such a crisis should never be repeated," the statement said, adding that the two nations will work towards a rapprochement through "determination, sustained efforts and the building of confidence."

The prime ministers agreed to meet at least once a year, to exchange visits and to set up a direct telephone line between them.

Athens and Ankara will also establish two committees as a basic step towards improving their relations. One committee will explore possibilities for concrete forms of co-operation in the economic, trade, tourism and communications sectors, as well as cultural exchanges. The other will look for ways to close the gap between the countries.

Greece and Turkey have long been at odds over territorial, mineral and other rights in the Aegean Sea, as well as over the divided island of Cyprus.

Cyprus became independent in August 1960, with Archbishop

Makarios as its president. About 75 percent of the island's population is Greek and almost all the rest is Turkish. In December 1963 the Turks withdrew from the central government because of a constitutional dispute and serious intercommunal fighting broke out. Each community received military aid from its mother country.

Following a military coup in 1974, which deposed President Makarios, Turkey sent troops to garrison the island. Cyprus was divided into two parts: the northern part was controlled by the Turks, while the southern part was seized by Greek Cypriots. The conflict remains unresolved.

Another dispute centres on the continental shelf of the Aegean Sea and the air above it. Greece claims that all of the continental shelf except that belonging to Turkey's territorial waters should be under Greek jurisdiction, while Turkey claims the islands in the eastern Aegean. The conflict intensified with the discovery of oil resources in the Aegean Sea. Last March the mutual declaration of plans to start oil exploration in the disputed Aegean waters almost triggered a war between the two countries.

Strained relations seem to have thawed since then. Private messages between Papandreou and Ozal have been exchanged through diplomatic envoys. The Davos summit talks, which were a result of this message diplomacy, marked the beginning of a direct dialogue between the prime ministers.

Several factors led to the improvement in bilateral rel-

ations. First, pressure has been imposed by the North Atlantic Treaty Organization (NATO). Both Greece and Turkey are NATO members and the discord between them has weakened NATO's defences on its southeastern flank.

The two countries have also realized that the frequent crises and frictions between them have hurt the peace and stability of the Aegean region as well as their own economic development.

Greece and Turkey both face heavy tasks in developing their economies. Turkey, which is an associate member of the European Community (EC), applied formally to join the community last April. But its chances of admission are slender, if not hopeless, without the approval of Greece, which will assume the EC's rotating presidency in the second half of this year.

The Davos summit was regarded by some Western diplomats as a good opportunity for Ozal to reduce Papandreou's deep-rooted opposition to Turkey's drive for full EC membership.

As for Greece, tourism, a mainstay of its economy, will be badly hit if the tensions in the Aegean region do not ease up.

The harsh realities of many years of hostility towards Ankara, and particularly the armed conflicts of the past, have made Athens realize that Greece's national aims could be better served by showing some flexibility, rather than by refusing any contact with Ankara.

In addition, Papandreou needs to change his hard-line image to enhance his popularity in Greece's next general election, which must be held by June 1989.

The Davos talks augur well for Greek-Turkish relations after the long period of tension. The compromises reached during an international economic seminar have symbolic significance. They show that economic development is now considered as a priority by both countries.

The desire for economic development has played the role of a mediator between the two nations. The fact that economic

development needs peace has helped alleviate the tensions between Greece and Turkey.

by Liao Zhou

SRI LANKA-INDIA

Leaders Hopeful About Ending Violence

The recent visit to India by Sri Lanka's president could lead to some changes in Sri Lanka. The island continues to be a scene of bloody violence despite the signing of a peace pact between the two countries last year.

Sri Lankan President Junius Jayewardene and Indian Prime Minister Rajiv Gandhi have reiterated their resolve to ensure the faithful implementation of their July 1987 peace accord. The agreement is aimed at bringing an end to four years of ethnic conflict in Sri Lanka.

Jayewardene, who returned home on January 30 after a six-day visit to India, said he and Gandhi are hopeful that terrorism in the north and east of Sri Lanka will be completely wiped out and normality restored by March or April this year.

Bilateral relations and various aspects of the peace accord dominated the leaders' talks. Reports said Jayewardene promised to pave the way for elections to provincial councils in the island's predominantly Tamil northern and eastern provinces by the middle of this year. The election of provincial councils, which provides a measure of autonomy, is stipulated in the peace agreement.

Jayewardene's pledge is seen as a significant move by the Sri Lankan government towards the implementation of the political process envisaged in the accord.

It was also reported that during the visit Sri Lanka submitted a draft of bilateral treaty to eventually replace the existing pact, which is seen by Sri Lankans as a sell-out. Some high-ranking officials in Sri Lanka regard the

pact as merely an individual agreement with no binding force.

New Delhi sees Jayewardene's proposal as an attempt to dilute the content of the accord. But with Colombo's continuing emphasis on reciprocity, India will act cautiously on the treaty proposal and is likely to give it serious consideration.

The stationing of Indian peace-keeping forces in Sri Lanka, under the terms of the peace pact, has been a target of criticism in both Sri Lanka and India. Last October, when conflicts between the government and the Liberation Tigers of Tamil Eelam escalated, Jayewardene asked Gandhi to take resolute action to bring an end to the clashes in accordance with the pact. As a result, the 37,000-strong Indian peace-keeping force attacked the Tigers, the most powerful Tamil militant group, which had previously been under India's protection and had been supplied with Indian weapons.

India's military involvement in Sri Lanka has intensified since then. But both Sinhalese and Tamil militants have launched continuous attacks on the Indian troops, demanding their early withdrawal. The Sinhalese insist that the peace accord is an attack on the sovereignty and independence of Sri Lanka.

In face of the mounting opposition, Jayewardene, on re-

turning from India, said that the Indian troops in Sri Lanka would be recalled if he wanted. "Mr. Gandhi said he would recall his troops within 24 hours if I made such a request," he said.

The peace accord was aimed at ending Sri Lanka's Tamil separatist revolt. But instead of bringing a halt to ethnic violence, it has led to more bloody conflicts between Tamils and Sinhalese, as well as between Tamils and Muslims. About 550,000 people in northern and eastern Sri Lanka have now been rendered homeless, four times the figure before July 1987.

Within Sri Lanka there is a widespread opposition to the accord, both inside and outside the ruling United National Party (UNP). The public strongly demands the pull-out of the Indian troops. When Jayewardene announced that he would not run for another term as president, the opposition Sri Lanka Freedom Party selected former prime minister Sirimavo Bandaranaike as its candidate and began to campaign in the south. Bandaranaike lashed out at the peace agreement and demanded the withdrawal of Indian troops, inviting wide support.

Meanwhile, Sinhalese militants are carrying on a violent campaign against the UNP in protest against the accord. About 200 people, including UNP Chairman Harsha Abeywardene, have been killed by the militants since the signing of the pact.

In India, people who initially welcomed the accord are finding it hard to maintain their stand. During the recent session of parliament, the Indian government's policy on Sri Lanka came under fire. Opposition parties demanded an immediate cessation of India's military operations in Sri Lanka and the launching of a process that will lead to a political solution to the conflicts.

Gandhi is running into both political and military trouble as a

result of his increasing involvement in the internal affairs of Sri Lanka. Military analysts point out that the Indian forces have

embarked on a guerrilla war with Tamil militants which will be hard to win and is unlikely to end soon.
by Zong Dao

COMMONWEALTH

Fight Against Apartheid Strengthened

The recent meeting of the Commonwealth foreign ministers' committee on southern Africa dealt another blow to the apartheid regime in South Africa.

The eight foreign ministers of the Commonwealth committee on southern Africa have called for effective sanctions against Pretoria and more assistance to the frontline states.

The committee, which held its first meeting in Lusaka on February 1-2, was formed at the Commonwealth summit in Vancouver, Canada, last October. Its aim is to provide high-level encouragement and guidance to the struggle to end apartheid and achieve peace and stability in southern Africa.

The meeting, chaired by Canadian External Affairs Minister Joe Clark, was a follow-up to the summit, at which all Commonwealth members, except Britain, agreed that sanctions are the only peaceful means to end apartheid in South Africa.

During the past few months South Africa has escalated its aggression against its neighbours. The Pretoria regime has been behind several bomb incidents in the frontline states, including Zambia and Zimbabwe. It has backed sabotage operations by anti-government forces in Angola and Mozambique. And it has even directly and openly joined the war against the Angolan government.

South Africa's intentions are clear. Its actions are aimed at coercing the frontline states into abandoning support for the black majority in South Africa, and forcing them to coexist with apartheid.

Pretoria is also seeking to perpetuate the dependence of these countries on South Africa. The development efforts of the frontline states are being undermined by Pretoria's aggression and destabilization efforts. Southern African countries have spent about US\$27.5 billion since 1980 defending themselves against Pretoria and Pretoria-backed anti-government forces. This excludes the loss of human life and development potential, the destruction of crops and property, the displacement of people and the spread of malnutrition and disease.

Pretoria's actions have been condemned by peace-loving countries the world over. But the regime has received support from

some Western countries, such as Britain and the United States. On the question of sanctions against Pretoria, the stand of Britain, a leading member of the Commonwealth, contrasts sharply with that of other Commonwealth members and the rest of the world. British Prime Minister Margaret Thatcher has repeatedly said that sanctions will harden Pretoria's attitude, cause severe hardships for black South Africans and ravage the economies of other southern African countries.

During her visit to Africa early last month, Thatcher said, "The right way forward is to encourage and persuade all parties in South Africa, including the African National Congress (ANC), to come to the negotiating table in the context of a suspension of violence on all sides."

Since the Vancouver summit, the British government has been encouraging business people to ignore the Commonwealth call for sanctions and do more trade with South Africa, where Britain has a lot of interests. President Kenneth Kaunda of Zambia once pointed out that Britain is putting wealth first and the suffering people of South Africa second on its list of priorities, and this has led to its rejection of sanctions against Pretoria.

Eight Commonwealth foreign ministers discuss ways to end apartheid in South Africa.



The meeting of the Commonwealth committee on southern Africa issued a communique saying the group is prepared to examine the application of sanctions.

The committee also called on international banks not to participate in debt rescheduling programmes for South Africa and to maintain maximum pressure for prompt repayment of all debts that fall due.

The committee paid special attention to the current mandatory arms embargo and recognized the need for specific action at both the national and international levels to secure more effective enforcement of the embargo.

The group also carefully

examined the expanding needs of the frontline states—particularly Mozambique and Angola—in the face of South Africa's destabilization policy. It welcomed the increase in regional development assistance from the African fund of the non-aligned movement as agreed at the recent ministerial meeting of the Southern African Development Co-ordination Conference in Arusha, Tanzania.

The committee held preliminary discussions with representatives of the South African Council of Churches, the ANC, the Pan Africanist Congress, the South West Africa People's Organization and the anti-apartheid movement.

by Chen Hegao

SPAIN-US

US Forces to Withdraw From Air Base

After lengthy negotiations, the United States and Spain have finally agreed on a plan for the phased withdrawal of US troops from an air base near Madrid.

The United States and Spain, after 18 months of hard negotiations, have agreed in principle on the reduction of the US military presence in Spain. In the face of firm demands by the Spanish government, the United States agreed to abandon the Torrejon air base and remove the 72 F-16 fighter planes stationed there by 1992.

The agreement, which will replace the 1982 Spanish-US friendship, defence and co-operation pact, represents a breakthrough in the strained defence relations between the two countries.

Defence ties between Spain and the United States were established more than 30 years ago, during the time of Francisco Franco. The United States stationed a large number of military personnel in Spain and since then Spain has depended almost completely on the United States for its defence. This was a cause for complaint

among the Spanish people.

The maintenance by the United States of its special military position in Spain was unacceptable to the Spanish people, who are rich in national pride and detest the former Franco government. Since Spain set out on its course towards democratization, people have hoped that an early, rational solution to the problem would be found.

In a March 1986 referendum, Spaniards set three conditions for Spain's continued membership in the North Atlantic Treaty Organization (NATO). One of them was the reduction of US military forces in Spain.

Spain is an ally of the United States and both are members of NATO, but this does not justify keeping a defence treaty that people find unreasonable. Spanish Foreign Minister Francisco Fernandez Ordonez said in the Congress of Deputies that Spain's contributions to NATO have

nothing to do with its defence agreement with the United States.

It made no sense for the United States, posing as Spain's protector, to put pressure on Spain to maintain the pact. Spain was only defending its sovereignty and trying to establish an equal partner relationship with the United States. The negotiations showed that the United States must face this fact if it is to deal successfully with its allies.

The defence treaty, first signed in 1953, was due to expire this May. The pact permits US access to three Spanish air bases, a naval base and various tracking stations, as well as the stationing of up to 12,500 US troops in Spain. Torrejon, the largest air base, houses half of the US military contingent in Spain.

The United States sees these bases as a key link in the Atlantic defence chain and has stated repeatedly that a reduction of its military presence would endanger the security of the United States and its Western allies, including Spain.

But reducing US military forces in Spain was one of promises of Spain's Socialist government, as well as a condition for endorsing Spain's continued membership in NATO in the 1986 referendum. After the government was re-elected in June 1986, it continued to call for the reduction of US troops in Spain.

From July 1986 to November 1987, the two countries held seven rounds of negotiations, focusing on Torrejon air base. The base is only 20 kilometres outside Madrid and is often the target of anti-US demonstrations, putting heavy pressure on Spanish government.

Last November, Spain informed the United States that it would not renew the defence treaty. The United States, unwilling to jeopardize its military and economic relations with Spain, and getting nowhere with either its hard or soft bargaining tactics, finally acceded to Spain's main demands.

by Zhao Xin

Economic Features of Primary Stage of Socialism

by Gong Shiqi

In his report to the 13th National Congress of the Communist Party of China last October, Zhao Ziyang, general secretary of the Party Central Committee, expounded the theory that China is in the primary stage of socialism. Based on the experience gained over the past 30-odd years, the theory represents a re-evaluation of socialism achieved with great cost.

The stages of development of communist society were analyzed by the writers of Marxist classics. But how to calculate the stages of socialist society remains a question. Now many socialist countries are examining their own positions in terms of stages because it is of great importance in the formulation of their basic state policies.

China has concluded that it is still in the primary stage of socialism on the basis of its own specific historical conditions. In other words, the theory does not imply that every socialist country needs to labour through such a phase.

Marx and Engels divided communist society into two stages: The first stage and the higher stage. Lenin elucidated it further. In his *The State and Revolution*, Lenin wrote, "Marx gives an analysis of what might be called the stages of the economic ripeness of communism.... In its first phase, or first stage, communism cannot as yet be fully ripe economically and entirely free from traditions or traces of capitalism." The writers of Marxist classics based the division of communism on economic development, and said that socialism is an economically unripe stage.

In the primary stage of socialism, the socialist economic

system has been established and takes dominant position, with the public sector taking the leading role in the economy. Compared with advanced socialism, however, it is still immature, retaining many traditions and traces of the old society, including some elements of private ownership. Just looking at the status quo of China's production relations will not reveal why China must undergo a primary stage of socialism, because these production relations are determined by the productive forces. This initial stage is necessitated by the low level of China's productive forces, which more than anything else characterizes the stage; other features deriving from it.

Low Level of Productive Forces

New China was not born out of developed capitalism but emerged in a semi-feudal, semi-colonial society with a backward economy and culture. Great changes have taken place during the intervening 30-odd years, especially in the last nine years of reform, but poverty and backwardness have not been eliminated.

The low level of China's productive forces is reflected in the fact that 80 percent of China's population of 1 billion live in the rural areas and eke out a living by hand. Only part of China's industry has been modernized, and the larger part is dozens of years behind the times.

Workers are poorly educated and generally unskilled. At present, nearly a quarter of the population is illiterate or semiliterate. Science and technology are generally at a low level, although some fields are well-advanced.

China lacks experience in modern management of produc-

tion. It has yet to utilize its labour resources effectively.

In addition, China's commodity economy is undeveloped; its natural and semi-natural economy of self-sufficiency, is very prevalent—another distinctive feature of a society with inferior productive forces.

According to the law governing the development of productive forces, curing this situation requires a long process, in which mechanized production replaces work by hand; most farmers gradually become workers; natural and semi-natural economy are overtaken by the commodity economy; and culture, education and science and technology flourish. In general, it is a process of improving all essential elements of the productive forces in quality and quantity, as well as their combination.

Production Relations: Transitive

In the primary stage of socialism, the relations of production, which still carry the traces of the old society, are transitive. That is to say, different economic sectors overlap, with the collective economy containing elements of the private sector and the state sector containing elements of the two above. For instance, under the household contract responsibility system in the rural areas, farmers own some capital goods such as farming animals and tools, while they use state-owned land and, some state-owned farming machines. They benefit from both their labour capital and production materials.

State enterprises have some elements of the collective economy, as shown in the following three points: (1) As a relatively independent producer of

The author is a professor at the Central Party School.

commodities, a state enterprise operates within the limits of state policies while being responsible for its own profits and losses. (2) The performance of all state enterprises will depend partially on the productivity of every individual in them and how efficient their management is. (3) As labour is still a means of livelihood, the personal interests of every individual is invariably linked to his or her labour.

Therefore, all state enterprises have their relatively independent economic interests and there are differences of interests among the individual workers, too. So the collective characteristics of state enterprises are in their individual workers being organized to collaborate on production, just as collectives are.

These characteristics are not expressed in ownership. The separation of management from ownership will not change the nature of state enterprises. A state enterprise's profits—the expression of its fulfilment of its duty—should belong to the state. The part of the profits left at the enterprises' disposal by the state, also belong to the state in the final analysis.

State enterprises also contain some elements of individual economy, namely that some individuals have bought shares in state enterprises, causing some change in the makeup of the enterprises' property. However, the proportion of the shares in individuals' hands is so small as to make no difference to the public ownership of the enterprise. This can in no way be considered as the beginning of a privatization trend or a mixed economy.

In the primary stage of socialism, "to each according to his work" is the predominant but not the sole form of distribution. There are still other forms, such as income derived from private capital and production materials, etc. A point to remember is that distribution according to work cannot be strictly applied because the income of an enterprise is not only determined by its labour, but

also by other factors such as price and equipment.

In general, socialist relations of production in the primary stage are not "pure" and are of a transitive nature.

Public Ownership— Mainstay

In the primary stage of socialism, it is necessary to develop an economy with different types of ownership, with public ownership remaining predominant. At present, various forms of production coexist in China—manual, mechanized and automatic. The situation in the social productive forces has determined the structure of ownership: There are both the predominant public ownership and collective ownership as well as individual ownership to suit the various development levels of production.

(1) The Public Sector

Socialist public ownership must retain as the mainstay, for the following reasons:

(1) It is a vital part of the economic base for China's socialism and the decisive factor in determining the socialist nature of the Chinese society.

(2) Its output value and its income makes up the greater part of the nation's gross output value and of the state's revenues; it produces huge amounts of goods for the domestic and international markets; it has comparatively advanced technology, helping to guarantee the overall technological improvement of the national economy.

(3) It is the material means by which the state can achieve its national economic targets, adjust the national economy and ensure a sustained and co-ordinated development of the country's socialist economy.

(4) It is the most important, most reliable means of guiding all other sectors of the economy in the way most beneficial to socialism.

In short, public ownership represents the trend of the development of productive forces.

(2) The Individual Sector

The Individual economy is private ownership on a small scale. An individual producer is both a labourer and a private owner. Since the individual sector has been a supplement to major economic sectors in every society, it can neither decide the nature of a society nor its social and economic development. It is characterized by small-scale operations, wide distribution and flexible management. Under the socialist system, the individual sector is regarded as a necessary and beneficial supplement to public ownership, playing an active and important role in developing production, promoting the circulation of commodities, helping the market, making life more convenient and increasing employment opportunities.

China's individual sector has undergone a tortuous road. In the early years of the People's Republic, the urban centres alone had 7.2 million people running individual industry and commerce, while in the whole country the number was estimated at 30 to 40 million. In 1957, the year after the socialist transformation of private industry and commerce was basically completed, individual industrial and commercial operators numbered 1.04 million. After the "cultural revolution" (1966-76) the number was reduced to only 180,000.

In the last nine years, individual industry and commerce have developed rapidly. By the end of October last year, this sector, in both urban and rural areas, had increased to 1.3 million businesses, employing 20.37 people. Their capital totalled 21.6 billion yuan. From January to October last year, their business turnover reached 76.1 billion yuan, including 49.9 billion yuan from retail services, which accounted for 13 percent of China's total retail sales. Now individual industrial and commercial businesses can be found all over the country and their employees comprise 2 percent of China's total population.

(3) The Private Sector

The private sector involves wage labour, and is made up, according to the state's definition, of private economic undertakings employing over seven people. This sector is capitalist by nature.

In recent years the private sector has emerged spontaneously out of the individual economy. At the end of last June, the private sector comprised 70,000 businesses, employing 1.2 million people and 2.5 billion yuan of capital.

The capitalist economy in China has both similarities and distinctions as compared with the economy in capitalist countries. The differences are as follows:

(1) In China this sector is emerging out of an economy where socialist public ownership prevails. It is bound up with the socialist economy and strongly influenced by it.

(2) The workers are masters of the country, regardless of whether they are employed by a private company or not. But, as they are wage labourers, they have also labour-capital relations with their employers.

(3) The proportion of the private economy in the national economy is tiny. Even if it develops, it will remain subordinate to the public sector.

(4) The private sector companies first emerged in the countryside. At present, private companies in the rural areas make up 80.7 percent of the national total of such enterprises, have 83 percent of the personnel and 83 percent of the money.

(5) Unlike the individual enterprises, most of which are engaged in commerce, catering, service and repair trades, many private companies are in labour-intensive productive industries. About 82 percent of private enterprises are in industry, handicrafts, transport and construction, these companies employ 87 percent of all people engaged in the private economic sector, and possess 84 percent the total capital.

(6) China's private economic sector is still in its infant stage: It

operates in poor conditions; its management mechanisms are not well developed; there is no clear distinction between the owner's household and his or her enterprise; and most of the employees are friends and relatives. As a result labour-capital relationships are not strained.

From Natural Economy to Commodity Economy

Socialism cannot be built on a natural economy, for it does not lend itself to specialized production and the adoption of new technology. China's countryside was for a long time primarily a natural economy with a low commodity rate, that is, it supplied very few surplus products for sale. In the past nine years, the natural economy in the countryside has been giving way to a commodity economy. The commodity rate of agricultural and sideline products increased from 45 percent in 1978 to 58 percent in 1986. The transition is clearly a slow one.

To develop China's commodity economy, it is first necessary to take agriculture as the foundation and strengthen the economic ties between agriculture and industry, and between urban and rural areas. The development of agriculture and the rise of its productivity will promote specialized production within agriculture and in society as a whole.

Second, it is necessary to improve the people's living standards on the basis of developing production. This should be taken as a powerful incentive in developing the socialist commodity economy.

(3) The commercial, financial, technological and labour markets should be developed to promote circulation between urban and rural areas.

Given China's current conditions, the key to developing the socialist commodity economy is to raise the productivity and commodity rate of agriculture and the

living standards of the people. In essence, the major differences between socialist and capitalist commodity production are their different types of ownership and commodity production in capitalist economies is solely profit-oriented, and the commodity-money relationship permeates every aspect of people's social life, even their political life. Socialist commodity economy is aimed at satisfying the needs of the people. It is not all-embracing. Under it, labour is not a commodity. In relationships between people, especially in the political life of Communists, the commodity-money principle should not be pursued.

Let a Few Get Rich First

Common prosperity is the essential content of socialism and the goal we are striving to attain. However, under the present circumstances it is impossible to make all the people rich at the same time. China's low productivity prevents this. There is also the uneven regional economic development. Some parts of China, notably the Changjiang (Yangtze) and the Zhujiang (Pearl) river deltas and Jiaodong Peninsula have developed their production faster. The broad masses there have become rich first. The different levels of efficiency between enterprises and the differences in ability between individuals will produce gaps in income. Wherever the commodity economy is well developed, one finds comparatively high industrial and agricultural production, and individual incomes. In our progress towards common prosperity, it is a necessary step to let some get rich first.

Who should be the first to achieve affluence? Generally speaking, the income level of each labourer is determined by his or her contribution, following the principle of "to each according to his work." While not being the only principle, it is the main element governing the distribution

of consumer goods to individuals. Thus the income of an employee of a state enterprise should in general not be lower than that of a collective or private labourer; the income of an intellectual not

lower than that of a manual labourer; income in a productive enterprise not lower than in a service enterprise; and the income in a large key enterprise not lower than in an ordinary enterprise. If

this is not so, complaints and dissatisfaction will surface—damaging the motivation of the workers regardless of whether their standards of living have risen generally. ■

How Come Taiwan's Policy Changes

by Li Jiaquan

Since March 1986, the Kuomintang authorities in Taiwan have changed their policies in two notable ways: The first is their "political restructuring." The Taiwan authorities lifted the martial law they imposed in 1947 on July 15 last year and put "the state security law" in its place. They have also lifted restrictions on other parties, reorganized the National Assembly (the Congress the KMT organized in 1949 according to its own Constitution before they retreated to Taiwan) and conducted reshuffles in the Kuomintang and government leadership.

The second major change has been in the KMT's mainland policies. The Taiwan authorities lifted their ban on travel to Hong Kong and Macao from July 28 last year. Since November 2, the Taiwan authorities have been registering those who want to visit the mainland, allowing Taiwanese who have family relations on the mainland to travel here once a year for at most three months, regardless of their age, party affiliation or place of birth. Taiwan has also relaxed restrictions on indirect trade with the mainland, and on the import and publication of mainland non-political literature.

These policy modifications, a break with their strict anti-communist stance, are small but encouraging.

The author is deputy director and research fellow of the Taiwan Research Institute under the Chinese Academy of Social Sciences.

Causes

Internal changes are at the root of this new direction. Taiwan's economic structure has been turning slowly on its axis. Industry, which accounted for 18 percent of the economy 35 years ago, took up 47.3 percent in 1986, agriculture went down from 35.9 percent to 6.5 percent, while the service industry remained at about the 46.2 percent mark from 1952 to 1986. Taiwan's agriculture-

dominated natural economy has evolved into an industrial-commercial economy driven by export processing.

There have been correlated social changes, too. In 1986, the industrial population accounted for 41.5 percent of the total, in 1952 it was 16.9 percent; the agricultural population has fallen from 56.1 percent to 17 percent; and people in the service trades accounted for 27 percent about 35 years ago and made up 41.5

Crowds besiege the Red Cross Office in Taipei, the day after the Taiwan authorities announced the lifting of travel ban.





Mainland-born ex-soldiers applying for travel subsidies at a travel service centre in Taiwan.

percent in 1986. Taiwan has over 700,000 small and medium-sized factories, accounting for 97 percent of the total. Their owners and merchants with equivalent incomes are Taiwan's middle class and are the most important stratum in Taiwan society.

Meanwhile, the KMT authorities, which have ruled the island for nearly 40 years, have remained virtually unchanged and grown incompatible with the socio-economic base. The situation cries out for change.

Throughout the 1950s and 60s which were known as Taiwan's "golden age," Taiwan's political power was in the hands of mainland-born officials and based on bureaucratic capital. During this period, there were power struggles within the KMT authorities. But, the island as a whole remained under KMT rule.

In the mid-1970s, Taiwan's economy was still dominated by bureaucratic capital, with foreign capital and individual capital making up the rest.

In the political field however, there appeared what Taiwan's newspapers called "conservative," "liberal" and "native" factions within the KMT. Distinct bodies of opinion towards the KMT authorities formed, with opposition factions mainly composed of non-KMT native forces. Within

the KMT, the conservatives have had the upper hand.

The three big political forces, each based on one of the "three capitals" (bureaucratic capital, foreign capital and individual capital), are all gathering momentum. Meanwhile, other political forces have emerged, giving Taiwan a certain "pluralism." Each one is seeking a piece of the political pie and a share of the power. With the drive for "economic freedom and internationalization" and "political democratization and localization," various contradictions rose to the surface. The "golden age of KMT rule" began to dissipate and its dictatorship and anti-communist martial law began to totter. It is against this background that the Taiwan authorities found themselves changing their domestic and mainland policies.

Four Major Lessons

In the second half of 1984, the various contradictions in Taiwan began to make themselves felt. The KMT authorities found themselves facing severe difficulties, highlighted by four major events.

The first was the murder of Chinese-American writer Liu

Yiliang (Henry Liu) on October 15, 1984 by Taiwanese agents in San Francisco. The following February, to divert public attention from the case, the Taiwan government exposed the corruption scandal of the Taipei No.10 Credit Co-operative. The two cases shook Taiwan and overseas Chinese communities. They did not have the desired effect of warning others off. Rather, the incidents damaged their image in the international community, aroused the indignation of the Taiwan people and overseas Chinese and plunged the KMT authorities into deep trouble. The crisis taught the KMT that today's Taiwan is not what it was and their rule cannot continue just by relying on police, secret agents and terror.

Then in July 1985, certain US government officials expressed the hope that the two sides of the Taiwan Straits "would make direct contact with each other," for "a peaceful solution to the Taiwan-mainland problem would benefit both sides." The United States, they said, "does not want Taiwan to become its unsinkable aircraft carrier." Again, Taiwan society was shocked, believing that the United States was going to change its Taiwan policy and "turn away" from Taiwan. Some of the top KMT officials, perplexed and uneasy, believed that Taiwan was drawing closer to its doom. They were very edgy. For the United States, Taiwan is both an asset and a burden, more of the latter. For Taiwan, the United States is both "a patron to rely on" and "a patron to guard against." This delicate patron-protege relationship has been bringing home to the KMT authorities that throwing themselves under the protection of a foreign power is not a good policy, and that Taiwan cannot live in peace unless its relations with the mainland are normalized.

A third crisis arose out of the nomination of a successor to the president. Chiang Ching-kuo declared on August 16 and again

Modern Oil Paintings Of China

These are oil paintings produced since China introduced its reform and open policies in 1979. The works look at China's people and places from different angles in different ways.



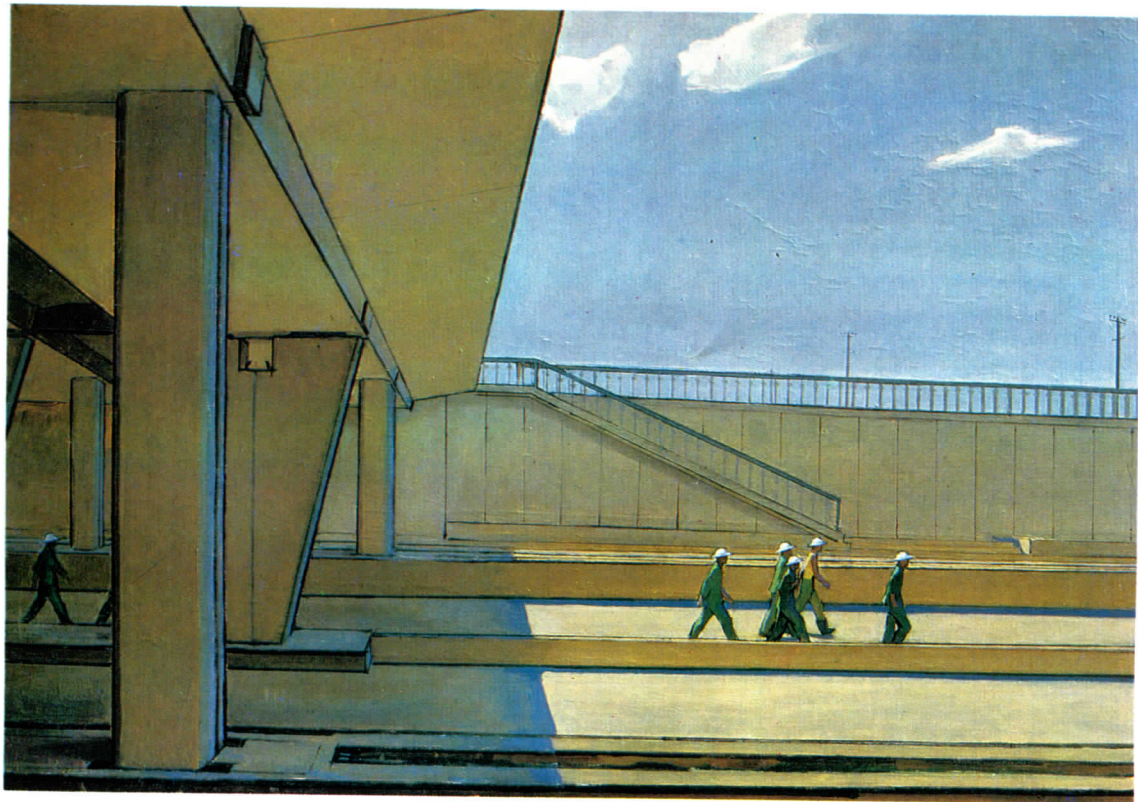
Dialogue.

Jin Shangyi



Morning at the Great Wall.

Li Tianxiang



A fly-over.

Wei Qimei

A pinwheel maker.

Cao Xinlin



Herdsmen set out.

Sun Liming



The kite compe



Zhou Wei



A bumper rice harvest.

Li Hongji



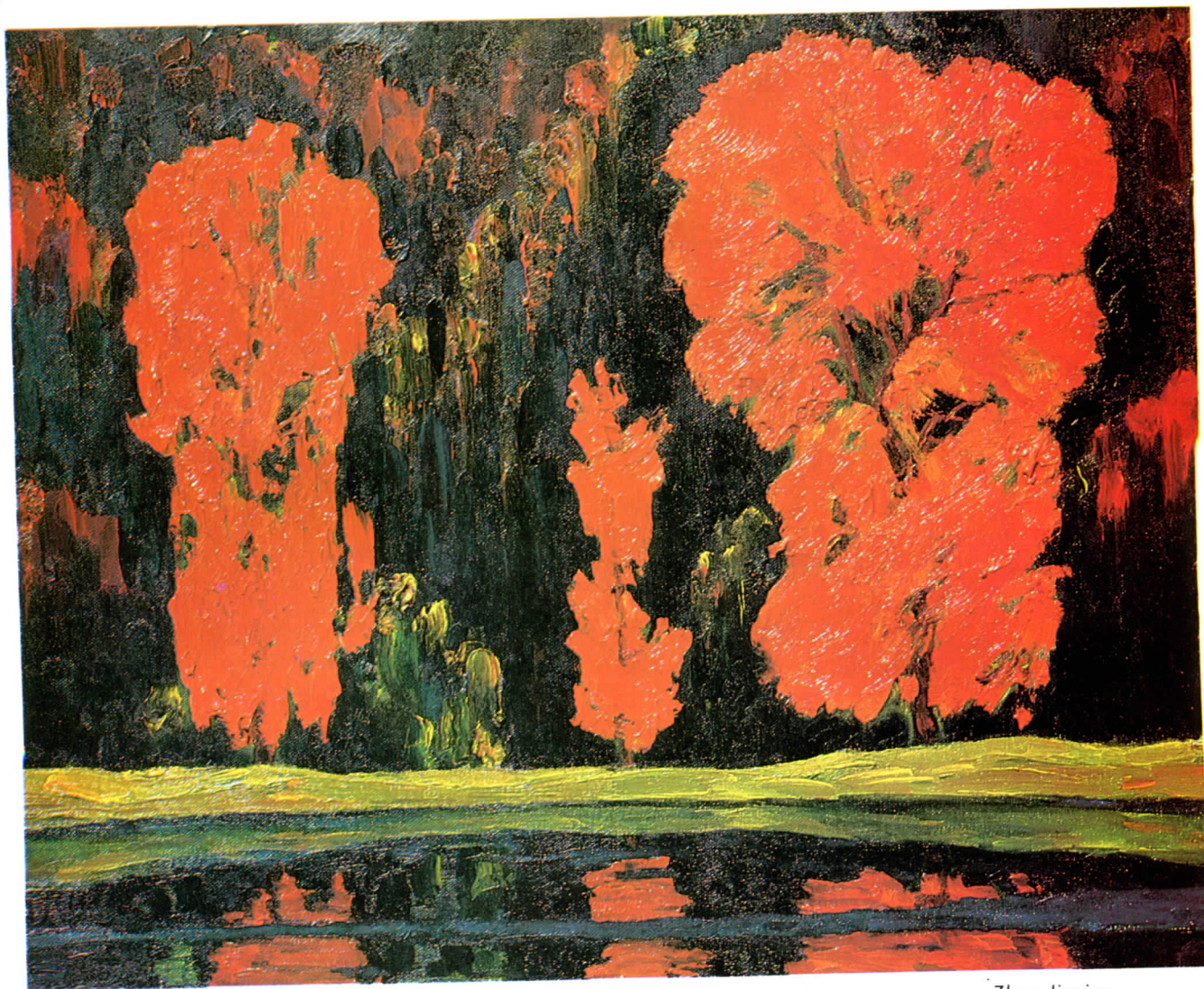
Rural girls.

Fei Zheng

Rest at the construction site.

He Kedi





Autumn.

Zhan Jianjun



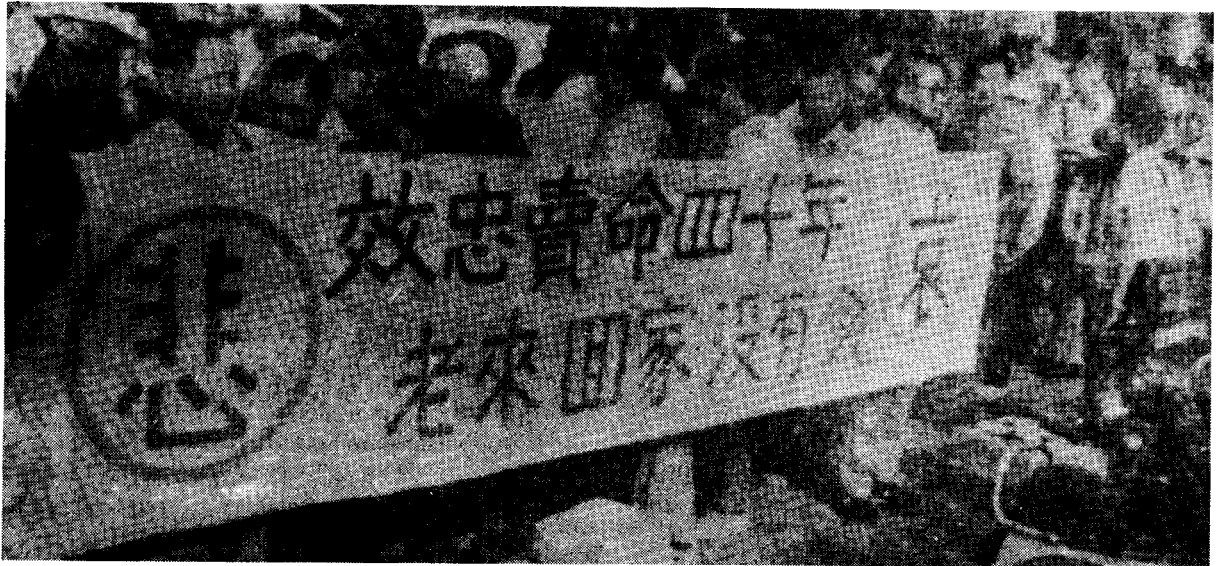
Seashore.

Feng Lisha



A grassland's evening.

Tuo Musi



Poor veterans wanting to travel to the mainland display their banner: "Steadily loyal for 40 years; now we're old there's no money to go home—sad."

on December 25, 1985, months before the third plenary session of the 12th KMT Central Committee which was due to convene in March 1986, that no member of the Chiang family could succeed him to the presidency. Some opposition newspapers called the declaration "nothing short of extraordinary." In fact, the declaration revealed the pressure on Chiang Ching-kuo. American and Taiwanese elements were worried by the prospect of a third generation Chiang taking the reigns and a place on the KMT Standing Committee. According to some Hong Kong newspapers, Chiang's declaration did not wholly reassure the United States which continued to bring pressure to bear on the KMT authorities. So Chiang Ching-kuo took drastic measures to block the way of any Chiang family member to the throne, just on the eve of the March plenary session. The "successor crisis" eased, teaching the KMT that nepotism and cronyism can no longer be relied on in Taiwan.

The fourth crisis was the founding of the Democratic Progress Party in Taiwan. After a period of underground preparation, the Democratic Progress

Party suddenly proclaimed its formation on September 28, the birthday of Confucius. The news shocked the KMT authorities because they had not officially declared the lifting of the ban on party organizations. But it eloquently expressed the Taiwan people's refusal to tolerate the rule of a single party.

Since the KMT left the mainland nearly 40 years ago, it has not represented China. However, entrenched in its small island, the KMT still wanted to maintain what it called "the constituted authority of the Republic of China," and it led "a country" which is often held up to ridicule by the international community. To keep warm under a foreign country's wing and to stick to the policy of "no contact, no compromise and no negotiations" with the mainland can only make the KMT more unpopular, as was demonstrated by the founding of the Democratic Progress Party.

Some members of the Democratic Progress Party do not hesitate to advocate "Taiwan independence" and separation of Taiwan from the motherland. Of course, their attempt will not

succeed because it will not be allowed by the Chinese people on both sides of the Taiwan Straits. But the call is rooted in the KMT's own "three-no" policy. The KMT should learn that its old anti-communist policy is no longer workable in today's Taiwan. It is actually fostering the growth of a Taiwan independence movement and thereby digging its own grave.

These four crises taught the KMT that their old road is a cul-de-sac. Chiang Ching-kuo himself said, "Since the times are changing, moods are changing, and the environment is changing." So, Taiwan has to change, the KMT has to change, and the KMT's policies must change. Change in response to change and survival in change. Change from a passive to a positive force and from a defensive to an offensive position. Since Chiang Ching-kuo has died, people are waiting to see what his successor will do.

Expectations

The problems now facing the Taiwan authorities are whether to make big changes or small ones? To make real changes or cosmetic



Photos by XINHUA NEWS AGENCY

A scene from the film "On the Two Sides of the Taiwan Straits," one of two films being made in Taiwan about mainland visits.

without the other. Their two economies have followed different courses, each has its own strong and weak points which can complement and benefit the other. There is no danger of one devouring the other or eliminating the other. The recent 13th National Congress of the Chinese Communist Party put forward the thesis that China is now at the primary stage of socialism. This thesis helps exchange and dialogue for the two sides and dispels any unnecessary doubts about the reunification.

There are other factors which are conducive to the peaceful reunification of the motherland. For example, both sides insist there is only one China and oppose "two Chinas," "one China, one Taiwan" or "Taiwan independence." Both sides hope to develop their economies in a peaceful, stable environment and want to contribute to invigorating the Chinese nation. To raise their people's living standards, both are working assiduously for the development of their social productive forces through economic reforms and opening up to the outside world. The call for "Taiwan independence" grows out of the long confrontation and separation of the two sides. Most of the proponents of "Taiwan independence" will give up when the underlying causes disappear, when economies on both sides of the Taiwan Straits enjoy sustained development and prosperity, and when the people of both sides see a steady improvement in their living standards. Therefore, this author is confident that the relations between the two sides will improve and the cause of the peaceful reunification of the motherland will be realized. ■

ones? To change towards peaceful reunification of the motherland or away from it and towards keeping a divided motherland? These are life-and-death issues for the KMT, vital to the interests of the entire Chinese nation, especially the Taiwanese.

The KMT authorities have already taken an important step in their mainland policy. We hope they will take more and break through their four "defence lines:" only personal contact (no government contact); only one-way contact (no two-way contact); only indirect, through-third-party contact (no direct contact); and only "gradual" contact (which can be interpreted as indefinitely postponing direct dialogue, consultation and the reunification of the motherland). We wish the KMT would break their "three-no" policy, too. It is extremely dangerous for the KMT to see their policy adjustment as mere tactical retreats so they can dig in for further refusals. That position cannot hold for long.

This author is confident that Taiwan will move closer towards

the peaceful reunification of the motherland. There is evidence to show that a movement which

Plenty of evidence shows that a movement which identifies itself with the motherland and supports the exchange of mail, trade and air and shipping services are developing in an irresistible momentum.

identifies itself with the motherland and supports the exchange of mail, trade and air and shipping services are developing in an irresistible momentum. Taiwanese scholars have declared that on both sides of the straits, the family links, the common tribal roots and the common culture, mean that neither can do

CORRECTION: In our issue No. 4, p. 17 (North American Edition P.21), the 8th to the 10th lines of the first column under the title "Rewi Alley: Bridge of Friendship Builder" should read: "all his life, Alley used to speak non-chalantly about joining the majority and disdained personal glory."

Reunion After 38 Years of Separation

by Our Correspondent Li Ning

A recent decision by the Taiwan authorities allowing families split across the Taiwan Straits to reunite lifted a 38-year ban on contact between the two sides.

According to the decision announced in Taipei (Taipei) last October, people who have relations by blood or marriage on the

mainland may travel to the mainland. Excluded are members of the armed forces and civil servants. The visit to the mainland may last up to three months, once a year. Although the ban is only partially lifted, this decision has caused quite a stir.

On October 30, the first day the

A member of the Taiwan Council for the Promotion of Home Visits at Tian An Men Square. His shirt tells of missing the motherland and relatives on the mainland.

TANG SHIZENG



Red Cross offices on Taiwan began to register applications to travel to the mainland, about 20,000 people claimed application forms at the general office in Taipei. On November 2, tens of thousands of people queued at the Red Cross Society's offices in Taipei and Gaoxiong (Kaohsiung) to apply for travel passes. The majority were people in their 60s. By January 2 more than 16,200 Taiwanese had visited the mainland.

Deep Emotions

Among the first group of visitors to the mainland was a 76-year-old sailor, a native of Nantong in Jiangsu Province. He could not hold back his tears when he talked of the son he had not seen for 40 years. He said excitedly, "I'm old and have missed my son. If I do not come now I will never see him." Mr. Zheng, his friend and a native of Ningbo, said he had been homesick for 40 years and now the waiting was over.

Many Taiwanese in Hong Kong took a train to Shenzhen directly upon receiving their travel passes to the mainland. A 52-year-old army veteran, a Hunan native, told the customs officers about things in the old days when he arrived in Luohu Port in Shenzhen. He said, "When I was 14 I went to Taiwan as a soldier with my uncle. Since then I have missed my parents on the mainland. My hair has turned grey. I resigned early from the army to be reunited with them as quickly as possible."

Although mainlanders are still forbidden to visit the island, they too are excited about the new freedom and look forward to their relatives and friends visiting them.

Nanao Island in Guangdong Province, the province's closest



Lu Qingshui, visiting his family in Shaoxing County, Zhejiang Province, here with his grandson and the child's mother.

CAI ZHIPEI

county to Taiwan geographically, is the native place of 38,000 people in Taiwan. The county's residents treasure their relations with Taiwan and protect the ancestral graves of their Taiwan compatriots. They have in the last few years discovered the tomb of Cai Anguo, a general who had been stationed in Taiwan and Penghu Islands, and the tomb of Kuomintang volunteers who fought against Japanese aggression. The graves have been repaired as state historical sites, and Taiwan compatriots are welcome to visit them.

Li Shijun, who is 85, was delighted when he learnt the news. Formerly a standing committee member of the Kuomintang central committee, a member of the political conference of the Kuomintang central committee, a member of Taiwan's legislation committee and now a councillor in the State Council of the People's Republic of China, Li said, "Many of the Kuomintang military officers and politicians who fled to Taiwan are my friends and colleagues. Of the standing committee members of the Kuomintang central committee seven or eight are friends of mine." After the separation he is eager to

see them again in China.

Li had refused to flee to Taiwan and decided to stay and stick it out on the mainland. Thirty-eight years later, Li does not regret his decision. "At that time, people lived in dire poverty. Today the country is booming and the people's living standards have improved. Our Taiwan com-

Liang Wenqian (left), daughter of the well-known writer Liang Shih-chiu, meets her father's wife, Han Jingqing, in Hong Kong.



patriots will now be able to draw their own conclusions."

Seeing for Themselves

The saying goes that it is better to see once than hear a hundred times. This is apt in the case of the Taiwanese people. In Luohu Port an old man found he could not proceed any further with all his luggage. Li Yongde, an inspector on duty rushed to his aid. The old man was fearful, "I sat down not on purpose," he said. Li smiled, "Don't be afraid. I'm coming to help you with your luggage." Doubts disappeared, and the man found that the inspectors on the mainland were not as bad as he had thought.

The Huaqiao (Overseas Chinese) Hotel in Beijing organized a three-day trip to the main historical sites and scenic spots in the capital for Taiwan compatriots. One Taiwan-born youth said, "I have at last seen the beautiful places I had only read about before. Beijing is beautiful and China is great. As a descendant of the Yellow Emperor, I am proud."

One man, Wang, came to visit

his hometown in Liancheng in southern Zhejiang Province. Other natives of Liancheng in Taiwan asked him to check the situation out for them. Before leaving for the mainland, he determined to keep away from government officials and their banquets, and not tell anyone who he was. He lived at his brother's house and went out at midnight to walk around. At a crossroads, with a supply and marketing co-operative building on one corner, and a light industrial office building and a department store at other corners, he lost his sense of direction. There was no one around to ask at that hour. At last his brother found him and said, "Liancheng is not as you remember it. The small hill here was removed to build the Oujiang River dam and Jiangbin Park. It is easy to lose your way at night, why don't you come out in the daytime?" So Wang visited the market in the day and saw an abundance of commodities for sale. Gradually he became happy and relaxed. He walked in the park in the mornings and then went on to visit and shop. He can honestly recommend to his townsmen in Taiwan to come back for a visit.

Shandong Province on the coast has established a special reception office. Taiwan compatriots are given priority in buying train and



Aging brother and sister (centre) reunited at Nanjing Airport.

GAO MEIJI

plane tickets and checking in their luggage. The provincial Red Cross Society has appointed people to help Taiwanese locate their relatives on the mainland, pass messages and provide medical treatment. One Taiwanese said he never expected the mainland to have changed so much, the people's life to be so stable, people so hospitable, services so good and the trip so happy.

Another visitor, Li, spent a month touring Beijing, Xian, Hangzhou, Suzhou and some other places. Before leaving for home he talked about his trip. His strongest impression was the peaceful construction of the last 38 years. Both the mainland and Taiwan have made great progress in economic construction.

Although the people shake their heads when mentioning the "cultural revolution," it is incomparable with the days when the Japanese aggressors occupied Taiwan and invaded the mainland.

"In Taiwan I was always told that things on the mainland were not as good as in Taiwan. In my opinion that is true in many ways, but there are also things in Taiwan which are no better than on the mainland, such as the popularization of Mandarin, the protection and excavation of historical sites and objects, the scientific level, the natural resources and the huge market. I think, as a Chinese, it is unnecessary to say this. We should join forces. To overcome our estrangement, we must visit each other and come to know each other's real situations. We can do this now."

Xie Jun (seated, centre) surrounded by fellow natives of Longkou village, Jiangxi province.

WANG SHAOYE



Mutual Visits

On the mainland there are also many people who originate from Taiwan. They are represented by the All-China Federation of Taiwan Compatriots.

Huang Wenfu, deputy head of the Fujian branch of the federation, said in an interview with the *Hua Sheng Bao* (Overseas Chinese News) that Taiwan compatriots are welcome to come and pay their respects to their ancestors' graves and to visit their relatives on the mainland; he

hopes the Taiwan authorities will allow mainlanders to visit Taiwan. Huang said there are 9,000 Taiwanese natives in his province. They are all unhappy with their enforced separation from their relatives in Taiwan. Huang himself is one of them. He said, "I left Taiwan back in 1946. In Taiwan are my childhood memories, my brothers and the grave of my mother who died of missing me. I want to console myself by burning incense at my mother's grave, and this is something I hope the Taiwan authorities will think about."

Recently, the Taiwan authorities turned down an application by a mainland—Liang Wenqian—to take part in the funeral of her father Liang Shih-chiu, a well-known writer who died on November 3, 1987 in Taiwan. Liang Wenqian, 60, took a plane to Guangzhou on November 16 together with her daughter. They arrived in Hong Kong the next day in the hope of catching the plane to Taipei and to arrive before the funeral on November 18. The refusal of the application has aroused great indignation. The Hong Kong newspapers called the Taiwan authorities' action unreasonable.

Zheng Anan (left), director of the public relations department of the Hong Kong branch of the China Travel Service, handles visas for Taiwanese visiting the mainland.

ZHOU JIAGUO



The well-known Taiwan comic, Ge Xiaobao, at a banquet he held in Nanjing for his mother's 70th birthday.

GAO MEIJI

General Trend

At present the mainland has no direct post, air or trade contacts with Taiwan. All such contacts must be conducted via Hong Kong and other countries. The people of the mainland and Taiwan are not satisfied with this.

The chairman of the association of the United States Postal Service spoke during his recent visit to Fuzhou saying that posts and telecommunications are an important means of contact between people. They narrow the space and shorten the time between people. Fujian Province is across the Straits from Taiwan, yet post

between the two places travels across the Pacific Ocean and America. This is a regrettable situation.

Taiwan compatriots' visits to the mainland are specifically welcomed by the mainland's posts and telecommunications offices. Wu Zhuangji, vice-minister of Posts and Telecommunications, said, "The posts and telecommunications offices on the mainland will provide good services to Taiwan compatriots. They will enjoy the same treatment as the locals. Although we are not sure that post and telegrams can reach their destinations in Taiwan correctly, we will do our best." He hopes the Taiwanese authorities will agree to discuss direct post and telecommunications links with the mainland.

On November 14, at a tea party held by the Party Central Committee for non-party personages, General Secretary Zhao Ziyang said that the Taiwan authorities' lifting of the ban on visits to the mainland is the result of our efforts to realize the reunification of the motherland according to the principle of "one country, two systems" and development both in Taiwan and outside. In the wake of the visits Taiwan compatriots will make to the mainland, there will come cultural, literary, artistic and sports exchanges. The trade between the mainland and the island will be put on the agenda sooner or later. It is a general trend.

Sino-US Relations Over the Past Year

Factors that may lead to instability in Sino-US relations have become increasingly conspicuous over the past year owing to flagrant interference by the United States in China's internal affairs. Sino-US relations have a major influence on the world situation, and the people of both China and the United States desire the continuing development rather than stagnation of these relations.

by Huan Xiang*

In recent years Sino-US relations were stable for a time and headway was made in exchanges between the two countries in the fields of politics, economics, culture, science and technology, and defence. These developments, though still falling well short of their potential, were by no means easily achieved.

Over the past year or so a succession of unpleasant incidents has led to disputes which have introduced some instability in Sino-US relations. Rather than engaging the United States in an open war of debate, China has remained calm and self-possessed, not out of fear or self-interest but rather because we treasure the present relations between the two countries and do not wish to jeopardize the peace and development of the Asia-Pacific region.

Sino-US relations in 1987 experienced many ups and downs. The major disputes are outlined here.

The Taiwan question is a problem which has raised continued debate for many years and therefore does not require much elaboration. While this question remains unresolved, it will always be a major obstacle to the smooth development of Sino-US relations. Unfortunately, last year the US Congress again passed a resolution in support of "Taiwan independence."

Then there is the dispute which has raged for more than two years, over the US Congress objection to China's family-planning policies.

The Tibet issue has emerged more recently as a subject of dispute. In May 1987, the Dalai Lama was formally invited to speak to the US Congress. In his speech, the Dalai Lama presented a "five-point" proposal aimed at splitting China. What would such a split entail?

Tibet became part of China in 1264, long before Christopher Columbus discovered the American continent. Of the present population of 6 million Tibetans, only 2 million are living in Tibet while the remaining 4 million are in other provinces of China. The distribution of these people indicates that the Tibetan nationality is an integral part of the Chinese nation. The Dalai Lama, born in Qinghai Province, is himself Chinese. His talk of splitting China would mean not only separating Tibet from China, but also dividing all the areas inhabited by Tibetans. This includes China's Qinghai Province and parts of Sichuan, Yunnan, Guizhou and Gansu provinces. The US Congress, the official legislature of a country which has officially recognized the territorial and sovereign integrity of China, supported this proposal under the pretext of "human rights". One cannot help but wonder what the real reasons behind this action were.

Another issue concerns the

question of the Silkworm missiles. It is widely recognized that China pursues a policy of strict neutrality on the Iran-Iraq war, and actively attempts to persuade the conflicting parties to reach a ceasefire agreement. China has never directly sold weapons to Iran but has rather taken strict measures recently to prevent the flow of Chinese weapons into Iran from international markets. The US government itself sold large quantities of weapons to Iran, including the Stinger missiles, which Iran used to attack US airplanes. Yet the United States is now strongly criticizing and imposing pressure on China.

Recently the United States Congress and the Reagan administration imposed a suspension on deliberations on the issue of loosening controls over technological transfers to China, connecting the transfers with the Tibet and Silkworm missile questions. This is purely political blackmail, and by no means conforms with the principle of equality in international relations. It is both damaging to future bilateral relations, as well as to the image of the United States.

The US Congress also passed a series of resolutions attacking China on a number of issues such as the struggle against "bourgeois liberalization", the alleged disregard for freedom of speech and publication, the persecution of intellectuals and the so-called deliberate purloining of US

* The author is director of the Centre for International Studies under the State Council in Beijing, China.

technology by China.

The six problems mentioned above amount to nothing short of interference in China's internal affairs and political blackmail. They are a blatant demonstration of hegemonism and represent a threat to stable Sino-US relations.

Three factors exist which will most probably influence the continued development of Sino-US relations in the coming 10 years. They are changes in the balance of power in international politics, geopolitical changes and the interaction of domestic factors in both countries.

First, we should consider the world's changing political situation.

In the relations between the three main powers, US-Soviet relations began to show signs of relaxing with the signing of the intermediate-range nuclear forces (INF) treaty. After two years of stable development, some negative factors emerged in Sino-US relations and at the same time Sino-Soviet relations experienced a slight relaxation amidst confrontations on three major obstacles.* This is the current situation.

In terms of the global balance of power, relations between these three countries will not undergo sudden major qualitative changes in the next 10 years. But, on the other hand, the current quantitative changes will continue, probably with frequent fluctuations in the relations between the three countries. The next decade will therefore be one in which the international situation may not be stable but will advance towards a relaxation of relations.

The INF treaty was a welcome indication of this relaxation between the two superpowers. We hope that these two nations will reach further agreements on nuclear disarmament and halt the

militarization programme in space so that progress can be made towards real relaxation of their relations and of the international situation. Certainly, the international situation is a complex one, and it is far from easy to achieve a comprehensive, smooth settlement on all issues, so we have no reason to be over-optimistic. However, we can remain hopeful because the superpowers both have urgent internal demands to meet.

Sino-Soviet relations have definitely loosened up, but because three major obstacles still exist, perhaps real improvements will require much more time. Even if relations are improved, China will not alter its existing policy of nonalignment to any superpower.

Despite the effects of many clashes with the United States, China is adopting an attitude of self-restraint. Sino-US relations can continue to develop gradually only if the US desists from further damaging activities.

A number of geopolitical changes could, in the foreseeable future, influence Sino-US relations, but these changes will be gradual.

—Trade imbalances, financial deficits, currency fluctuations and stock market crashes in developed countries will lead to world economic instability in a few years. These conditions led to Japan's rise as the world's foremost financial power. But Japan, not satisfied with this position, is also attempting to become a major political and military power. However, it will take time for this nation to become full-fledged. As time goes on, Japanese relations with the United States and China must change, but radical fundamental changes may not take place for the next five to 10 years;

—The situation in the Korean Peninsula may see some release in the deadlock;

—The member countries of the Association of Southeast Asian Nations (ASEAN) will basically aim towards developing their

economies for a considerable period of time, and some of them may become "new industrialized countries." ASEAN's international position will become more and more important;

—As for the Indo-China Peninsula and Afghanistan situation, military activity may diminish and even come to a halt within a few years, but political settlement may be put off for a very long time.

I don't intend to discuss in detail the internal political factors influencing developments in Sino-US relations. This does not mean they are unimportant. On the contrary, I think, some people in the political and press circles in the United States have a very strong sense of national chauvinism, believing they have the monopoly on truth without considering the changing world situation and the interests of other countries. These people, blind to the fact that the strength of the United States has already been considerably weakened, still believe their country is in a position to dominate the world and can manipulate others as it pleases. Because they only see the interests of the US and neglect or refuse to understand or recognize the legitimate interests of other countries, Sino-US relations will be adversely affected.

Although the current world situation is undergoing change, the possibility of violent change (for example, the outbreak of a world war or a sudden total relaxation of relations) is still not likely in the foreseeable future.

I believe that relations between China and the United States are gaining more pull in the international arena as the Asian-Pacific area is beginning to have more importance in the developing of world affairs. The people of the two countries should try their best to maintain and develop these relations, rather than render them stagnant or sabotage them.

To achieve this, the experience of the past 15 years points to the need for both sides to resolve, first

* The three major obstacles refer to Soviet support of the Vietnamese invasion of Kampuchea, Soviet occupation of Afghanistan and large numbers of Soviet troops stationed along Sino-Soviet and Sino-Mongolian borders.

of all, some philosophical questions in handling their bilateral relations. The following points, in my opinion, are of fundamental importance.

1. It is necessary to learn to respect each other. Real friendship can only come from equal treatment and mutual respect for each party's basic interests, and this is particularly true for relations between two major powers. China maintains that all countries, large or small, are equal. China asks nothing more than equal treatment from other countries. It is unjust and infeasible for any country to blackmail, bully or bring pressure to bear on others. Political blackmail using trade or technology transfers as a leverage runs counter to the principles of equality and mutual respect.

2. More mutual understanding is needed. After more than 20 years of isolation and confrontation, it is only natural for China and the United States to show a lack of understanding of each other. And it is also true that differences in culture, social and legal systems and ideology add to the difficulty. But, after all, we both share the same area and the same planet. We must promote mutual understanding to live up to our responsibilities to the Asian-Pacific area, the world and mankind. We should make greater efforts to overcome the difficulties. It is not impossible for us to increase mutual understanding as long as we have the desire to do so, the desire to promote friendship and develop bilateral co-operation.

Wrangling has never ceased and is likely to continue on some controversial issues between the US Congress, White House and other executive bodies and their Chinese counterparts. In the past several months, US Congress, some lobby groups and even the press have engaged in many activities that have not only damaged China's national interest but also offended the Chinese people. These quarrels were partly

due to differences of interest and standpoint between the two countries, partly because of lack of mutual understanding. The two countries should adjust their different interests through more understanding and accommodation, eliminate misunderstandings and accept constructive criticisms. For instance, the

Sino-US relations are gaining more pull in the international arena as the Asian-Pacific area is beginning to have more importance in the world affairs. The people of the two countries should try their best to maintain and develop these relations, rather than render them stagnant or sabotage them.

United States has levelled criticisms at China's bureaucracy and inadequate legislations in its work of opening up to the outside world and especially on the issue of foreign investment. Some of the criticisms are reasonable and China has accepted them and is ready to make further efforts to improve its work.

Mutual understanding should be based first on common aspirations to achieve it, and then on the readiness of both sides to understand and respect each other's rightful interests in accordance with the universally accepted laws governing international relations.

3. Prejudice against social ideology should not become an obstacle to the development of relations between countries. It is a right of the people of a country to choose their social system and political convictions. Any interference in another country's internal affairs will shatter hopes for world peace.

Regarding American attacks

on China under the guise of safeguarding human rights, I must say that we define the term "human rights" differently, according to our value concepts. Neither of us should force his views on the other. We should find a common ground while reserving differences.

The US Congress is the legislative body of the United States, not of China, nor the world. Neither the Chinese nor the American people have authorized it to administer Chinese affairs. As the congress of a country in which all action should be based on law, it should consider what law could support its interference in China's internal affairs.

4. The achievements made so far towards developing relations between China and the US should not be damaged or destroyed but treasured. Generally speaking, despite the occasional halt, Sino-US relations have been progressing slowly but steadily forward. We look towards the continued, stable, all-round development of these relations and a growing co-operation. This is the only way, we believe, to benefit the two countries, to help ease international tension and maintain peace in the Asian-Pacific region.

The influence of destabilizing factors on the development of relations between China and the United States may haunt us for the next decade or more. If we fail to follow the four principles mentioned above, the general trend of Sino-US relations will be towards a decline due to difficulties and problems that keep cropping up, though the possibility of continuing to make some minor progress cannot be ruled out. Should the two countries allow their relations to follow their own course of development without doing anything to help them grow, or should they try to resolve all problems and disputes with a view to promoting relations? The people and politicians of the two countries must answer this question. ■

Western Europe on the Road to Unity

by Le Zude

The past year has seen changes in the East-West strategic situation and growing instability in the world economy. Seeking political, military and economic integration, West European countries are hoping to effectively safeguard the security of the region, speed up European construction and play an active role in international affairs.

In 1987 the most significant outcome of the West European integration was the major progress made in the field of defence co-operation. The strongest force behind the strengthened West European defence co-operation was related to changing relations between the West and East and especially to the progress in US-Soviet talks on intermediate-range missiles.

In the 40 years following World War II, West European countries pursued a policy of "detente plus defence equals security," so while they welcomed the intermediate nuclear forces (INF) agreement signed on December 8, they also felt that this would not reduce the Soviet military threat to Western Europe. In the face of a threat posed by the Warsaw Pact countries' superior conventional weapons, short-range missiles and chemical weapons and with the prospect of weakened US obligations to European defence, Western Europe felt it needed a strong defence system of its own.

While encouraging continued talks between the United States and the Soviet Union on strategic weapons, conventional forces and chemical weapons, West European countries have sped up their defence co-operation and intensified discussions on defence issues. Last October the European Parliament appealed for the implementation of a joint European defence policy by 1992 and

proposed to establish a European security committee. In the same month the Western European Union, during its meeting at The Hague, approved the platform on European security, stressing the promotion of defence integration.

While encouraging continued talks between the United States and the Soviet Union on strategic weapons, conventional forces and chemical weapons, West European countries have sped up their defence co-operation and intensified discussions on defence issues.

The defence co-operation between France and the Federal Republic of Germany constituted the most active agent and a motivating force for the rest of Western Europe. Last June Federal German Chancellor Helmut Kohl issued a proposal to create a Franco-German joint army brigade, an idea which won the immediate support of French President Francois Mitterrand. Last November the leaders of the two countries agreed to organize a joint army and set up a Franco-German defence committee in January this year. Last September 75,000 troops from the two countries conducted joint military exercises.

Britain's initial stance on defence issues differed from that of France and Federal Germany. However, over the past year this has changed and Britain's consultations with Paris and Bonn on defence issues have obviously

increased. The three countries have set up a working group of senior advisers on strategy and arms control. In the sensitive area of "independent nuclear forces," Britain and France began to discuss a nuclear defence programme.

Meanwhile, other West European countries also established strategic research groups with France and Federal Germany and set a new trend of co-operation in military production. World opinion on all this progress is that a trend towards the defence co-operation of Western Europe with France, Federal Germany and Britain as the nucleus is forming.

Facing the complexities of a world still troubled by regional disturbances and a shaky economy, Western Europe has a strong desire to be an independent, stable and peaceful force in politics and to play an important role in rejuvenating the world economy. For this purpose the European Community (EC) has taken new steps towards economic and political integration.

The document of July 1, 1987 on European integration is a first for strengthened political co-operation in the form of law. In the spirit of this co-operation, the 12 countries in Western Europe have furthered consultations on major issues and issued joint statements based on co-ordinated stances, adding weight to their opinions in international forums. The document also targeted 1992 for the realization of a unified market for personnel, goods, labour services and the free flow of capital. Towards this end the EC proposed to issue a directive on about 300 projects aimed at eliminating non-tariff barriers and

(Continued on P.34, and North American Edition P.46)

Oil Painting in China — History and State of the Art

by Zhang Zuoming

The China Oil Painting Exhibition, held in China's largest city Shanghai in December 1987, was the first nationwide oil painting exhibition since the founding of New China. Zhan Jianjun, head of the oil painting commission under the Chinese Artists Association, commented: "Rigid, monotonous artistic style has been replaced by a variety of lively forms... the view that oil painting has no place in China's art has been negated by facts; it is entering the world as a major force in the realm of art and an indisputable part of China's contemporary culture."

Last year was indeed a significant one for Chinese oil painting. The "China Contemporary Oil Painting Exhibition and China Modern Oil Painting Exhibition were held successively in the United States and Japan in April and May. China's International Art Salon held an oil painting exhibition in Japan and signed a contract on exhibiting oil paintings with the Federal Republic of Germany. France also invited the Central Academy of Fine Arts to hold an exhibition of oil paintings in Paris.

Oil painting is a new branch of art in China, with only about 100 years of history behind it. From the 1920s to 1930s, the first group of students headed by Xu Beihong (1895-1953) went to France to study realism in oil painting and later popularized the style in China. But the art of oil painting was not able to develop smoothly prior to liberation. After the founding of New China in 1949, the Russian itinerant art school and Soviet realistic art were introduced to China. From 1955 to 1957, Soviet artist and

professor K.M. Maksimov, at China's invitation, presided over oil painting classes conducted in Beijing and helped train a group of key figures in the practice and teaching of oil painting. At the same time, a group of artists and youth headed by the famous professor Luo Gongliu travelled to the Soviet Union for advanced studies and research, and produced a number of works depicting the real life of the Chinese people.

During the 20 years after 1957, the development of oil painting was halted by "Leftist" practices. From the end of 1978, the Party rectified "Left" mistakes, and the progress of literature and art, including oil painting, was put back on the right track.

Artists of the older generation such as Xu Beihong, Liu Haisu, Wu Zuoren, Lu Sibai and Dong Xiwen made great contributions to the development of oil painting and the training of talented students in the art.

Representing a middle-aged group of artists to grow up in New China are Zhan Jianjun and Jin Shangyi who graduated from the Central Academy of Fine Arts in the early 1950s and took up advanced studies in oil painting after graduating. In the 30 years between 1957 and the present day, they gradually developed their own artistic styles. Now they work as professors in the Central Academy of Fine Arts.

Zhan Jianjun's works are full of power and feeling, bringing out fully the spirit of a person or the beauty of a scene. His representations of landscapes and people have a concentrated, exaggerated and colourful style. Jin Shangyi is very skilled in sketching. His paintings are well-composed and beautifully executed works. The colour is bright but harmonized.

He tends to concentrate on portraits. His work *Dialogue* is featured on the pictorial pages of this issue.

Wei Qimei has continued painting in recent years though he is over 60 years of age.

The Inner Mongolian painter Tuoshusi graduated from the Central Academy of Fine Arts in the 1950s. He loves his homeland and the honest and industrious people of the vast grassland. His paintings are simple and unrestrained, but harmonized in colour. They usually depict life on the grasslands. The painting *A Grassland Evening* embodies the essence of his artistic style.

In the 1980s, creative art and literature thrived with the reform of the economic and political systems and opening to the outside world. Large numbers of young oil painters emerged, full of courage and with a wide field of vision, introducing a variety of artistic styles to the world of Chinese oil painting.

The works *A Pinwheel Maker* and *A Bumper Rice Harvest* depict a busy rural fair and thriving farmers profiting from their hard work. The painting *Rest at the Construction Site* has all the vigour and vitality of industrial construction. *Seashore* depicts people from all walks of life enjoying a holiday in a hot summer. *Rural Girls* captures three mountain village girls playing a game together. Young and naive, they are faced with the changing world of a new era.

The young painters who produced these pieces may lack experience and are sometimes imitative, but they are bound to develop their artistic talents through summing up experiences gained in study and practice. ■

* The author is an associate researcher of the Central Academy of Fine Arts.

Third-Round Bid in Offshore Oil

According to the China Offshore Petroleum Corp. (COPC), the third-round bid for offshore oil development will be made this summer. The zones on offer includes an area from the Dongsha to Shengu in the Zhujiang (Pearl) River estuary basin of the South China Sea and other areas which hold promising prospects for oil.

China has decided to sell the geophysical data on these areas to enable foreign companies interested in the offers to analyse and estimate the reserves of oil and gas ahead of time. These materials were compiled by the COPC between 1986 and 1987. They cover an area of 65,000 square kilometres.

During the international co-operative exploration of the Zhujiang Lihua 11-1 Oilfield in the South China Sea, a deep oil lake was discovered in three exploratory wells. According to preliminary estimates, the reserves here will come to nearly 100 million tons. Geologists say that the area could turn out to be the focal point of further prospection for oil in the South China Sea.

The two previous international bids in China's offshore oil were conducted in 1982 and 1985. So far, 37 oil contracts and three agreements on geological exploration have been signed with 45 foreign companies in 12 countries.

By the end of last year, 257,000 kilometres of seismological survey lines were completed, 150 wells sunk and 31 oil- and gas-bearing structures found. The Chengbei Oilfield in the Bohai Sea and the Wei 10-3 Oilfield in the South China Sea are now being tapped. Within the next few years, nine more oilfields will be exploited.

In the coming bid offer, China will take further flexible measures to encourage foreign oil companies to reduce their investment risks.

Barter Deal Seen Boosting Southwest

The China Southwest Energy Resources United Development Corp., a subsidiary of the China International Trust and Investment Group, is working on a deal to import huge diesel locomotives in exchange for coal.

The corporation has had talks with two US companies and plans to sign contracts with them in the first half of this year, according to its manager, Zhang Yinuo.

China Southwest sees barter trade as a new way to exploit the region's energy resources. In the next five years, the corporation plans to export 7.5 million tons of coal in exchange for 50 4,000-hp diesel locomotives.

The locomotives are needed for the Liupanshui Coal Mine in Guizhou Province. The mine has reserves of 40 billion tons. But owing to poor transport facilities, it produces only 10 million tons of coal a year.

The corporation, set up in 1982, has a registered capital of 100 million yuan. Its mandate is to help exploit energy resources in the southwestern part of the country by importing foreign capital and technology, and to accelerate regional economic construction by improving communications and transport.

The corporation signed a US\$500 million loan agreement with the Italian government in 1984. The first tranche of US\$150 million has been used to purchase energy and communications equipment. In addition, China Southwest has raised domestic capital for developing a dozen projects in the fields of communications, nonferrous metals, chemicals, pharmaceuticals, nonmetallic mining and tourism.

The corporation has expanded its business scope from simply importing foreign funds and technology to include both imports and exports, as well as

consultancy services and joint ventures and co-operative enterprises. It has established consignment and agency business relations with companies in the Netherlands, Italy, Austria, Argentina, France, Singapore and Hong Kong.

China's southwestern region embraces Sichuan, Yunnan and Guizhou provinces and the Guangxi Zhuang Autonomous Region. The area boasts 40 percent of the country's total natural resources and leads the country in the reserves of tin, antimony, aluminium, lead, zinc, phosphorus, barite and marble. It is also rich in coal and water resources.

But the region lags behind other areas in economic construction because of its poor transport facilities, capital shortage and low technical level. During the Seventh Five-Year Plan period (1986-90), the state will earmark funds for more than 30 key construction projects in the region. Foreign investment and technology will continue to be needed.

by Yao Jianguo

New Customs Tariff Effective on Feb. 1

China changed the tariffs on 47 kinds of import commodities and five kinds of export goods on February 1.

Import tariff on natural latex and diamonds has been lowered; that on industrial and chemical raw materials, industrial equipment, electrical machinery and electronics products, especially that on photographic materials and household electrical appliances, was raised.

Exports such as nickel used to have no tariff levied on them, now there is a 40 percent export tariff, due to a shortage of these resources in China.

An official of the State Council's Customs Tax Regulation Committee said that this

readjustment follows on price changes on Chinese and foreign markets, and aims to safeguard the development of China's industry.

Natural latex and gem resources in China are very limited and are essential for producing and processing export products. Since photographic materials, household appliances and bicycles can be made in fairly large quantities in China, and so tariffs on their imports have been increased. The readjustment of these tariffs is not only advantageous to protecting China's home industry but also guides consumer patterns in more favourable directions.

China Increases Investment Abroad

While absorbing large amounts of foreign funds, China has also increased its own overseas investment. According to the Foreign Economic Co-operation Bureau under the Ministry of Foreign Economic Relations and Trade, China opened 124 enterprises overseas last year, involving more investment than ever before.

One of the aims in making investment overseas is to promote South-South co-operation, and to make more returns with less investment. China's investment overseas concentrates on productive projects in industry and agriculture. A full 64 of the 124 overseas enterprises established by China last year are processing ones. The other projects included consulting and information services, resource and technological development, and trade and transport undertakings.

Last year the China International Trust and Investment Corp. and the China Nonferrous Metal Industrial Company invested over US\$100 million in the establishment of the Portland Aluminium Plant in Australia.

The joint venture is one of the biggest overseas projects for China.

By the end of 1987, China had established 385 joint ventures and wholly owned enterprises in 66 countries and regions with a total investment of US\$1.78 billion, of which China contributed US\$623 million. China has strengthened its investment efforts in other developing countries. Of all the overseas enterprises set up last year, 109 were in developing countries. At present, most of these enterprises are doing well, half are making profits or breaking even.

In the future, China will continue to focus its overseas investment efforts on the development of natural resources and small and medium-sized processing projects.

by Yao Janguo

Oil Prospecting In Northwest

Successes have already been scored in prospection for oil in the Qaidam, Tarim and Junggar basins in northwest China jointly by China and American Geosource Ltd. and French CGG. In these three big basins and in other smaller ones, rich oil and gas resources have been discovered. The area which geologically promises such resources covers 100 million square kilometres.

The zone being jointly explored with the US company is the Tarim Basin, which covers 350,000 square kilometres. It took the two sides only two years to find three rises, four depressions, two oilfields and 13 oil- and gas-bearing structures. Geologists predicted that the Tarim Basin will become one of the most promising areas for oil in China's inland.

Chinese and French experts jointly exploring the Junggar Basin have tripled the verified reserves of the Karamay Oilfield

and found 200 million tons more of thick oil resources. In addition, more than 50 oil wells in Karameili and Wucaiwan Oilfields in the east of the Junggar Basin have begun pumping oil.

Through co-operative exploration, the three big basins in northwest China have been recognized as areas with some of the biggest oil potentials in the world. In addition to Karamay in the Junggar Basin and Lenghu in Qaidam Basin, a dozen more oilfields have been discovered in the three basins, including the Hongshanzui and Baikouquan.

by Yao Janguo

News in Brief

■ On January 27 the Bank of China issued 15 billion Euroyen bonds in London's capital market. The bonds will be paid back in five years and three months with an annual interest rate of 5 percent. The bank issued US\$200 million in Eurodollar bonds in London last October.

■ Since the Shanghai municipal government enacted regulations to offer foreign investors preferential treatment in the Minhang Economic and Technological Development Zone last March, 26 businesses from the United States, Japan, Federal Germany, Australia, Singapore and Hong Kong have invested a total of US\$120 million in the zone. Some of them are strong transnational corporations.

Of the projects involving foreign investment, nine have gone into operation. The majority of their products are being sold on the international market.

The Minhang Economic and Technological Development Zone embraces three districts. All standard factory buildings in District A and some in District B have been rented out for joint ventures. More than 30 other foreign businesses have expressed the willingness to invest in the zone.

The Dragon in Chinese History

The dragon is one of the twelve animal symbols, representing the twelve Earthly Branches, used to denote the year in which a person is born. On February 17, 1988, the year of the dragon will begin. A ten-part telefilm will be broadcast across the whole country to mark the new lunar year and at the same time many publications are concentrating on the dragon. In the Forbidden City the Dragon Art Exhibition has opened to the public.

Nowadays the dragon is regarded as representative of the ancient Chinese nation and traditional culture, and the Chinese are seen as the dragon's descendants.

The dragon is an imaginary beast which, in the hearts of the people, is full of power and grandeur with its strong, vigorous body.

Luck and Strength

The image of the dragon can be traced back to remote antiquity. Opinions on its origins are many and varied. According to some people, it may have originated from totem patterns or witchcraft. Some think it expresses the ancient people's belief in nature. What is certain is that it is the pet of the Chinese. It symbolizes their spirit.

For thousands of years, through times of drought, the people have prayed to the dragon to bring rain. To ward off disasters caused by fire and water, people carved dragons on buildings and bridges. On the occasion of a marriage, it is said, "the dragon and phoenix will bring happiness and auspice." People describe the parents who place much hope in their children as "expecting the boy to become a dragon." During many of the festivals, celebrations with dragon themes take place across the country, such as the dragon-lantern dance and dragon-boat race.

The dragon has appeared as a decorative theme in the realms of the fine arts and applied arts. But its history is a long one. The exhibits on display at the Dragon Art Exhibition indicate that the image of the dragon appeared in China as early as the New Stone Age.

Last year, a tomb dating back to the 7,000-year-old Yangshao Culture was unearthed in Puyang County, Henan Province. In the tomb, a dragon made of many shells was found placed by the right side of a skeleton and a shell tiger was found by the left side. The dragon, with a long body and large mouth, appeared in its embryonic form and was called China's first dragon.

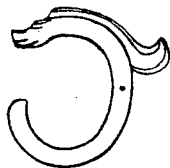
A 5,000-year-old painted pottery vase unearthed in Gangu County, Gansu Province, provides an example of the early shape of the dragon, something like a salamander; a jade dragon from the Hongshan Culture unearthed in Inner Mongolia takes a semicircular form; a robust dragon drawn on a painted pottery dish from the Longshan Culture 4,500 years ago, was unearthed in Xiangfen County, Shanxi Province; a dragon with a large head and combs and horns on the back of its head was found carved on some pottery flakes of the 4,000-year-old Xiajiadian Culture (lower stratum) unearthed in Inner Mongolia.

During the Shang Dynasty (c.16th-11th centuries BC), the first Chinese dynasty with written records, many dragon designs and decorations appeared on bronzes. The Chinese character for *long* (dragon) was found to appear on the oracle bones or tortoise shells of the Shang Dynasty about one hundred times.

According to the exhibition's introduction, in ancient times many Chinese books described the dragon. In *Shan Hai Jing*, (*Classic of Mountains and Rivers*) a geographical work, and many fairy tales described the dragon as having a human head or face on a snake-like body. For example,

Representations of the Dragon

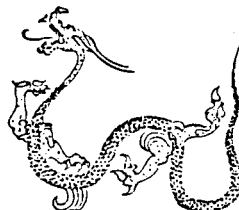
in the New Stone Age
(8000 BC).



in the Xia Dynasty
(c. 2100-1600 BC).



in the Han Dynasty
(206 BC-220 AD).



in the Wei, Jin and Southern
and Northern dynasties
(220-589 AD).



Nuwa, the goddess who shaped the earth, and her brother Fuxi, who taught fishermen to knit fishing nets, are depicted with the bodies of snakes and human heads. They are also the earliest examples of the dragon's original snake-like form.

A silk painting bearing dragon patterns drawn in the early days of the Christian era was unearthed in the Western Han tombs at Mawangdui, Changsha, Hunan Province. At that time the dragon was regarded as the means by which one's soul was led to paradise. When someone died, he would be carried to paradise on the back of a dragon.

In ancient times, if the king's flag was decorated with the sun and the moon, the marquis' flag was decorated with the dragon. In the second century BC, Liu Bang, the founder of the Han Dynasty, was born to a poor family. He made up a story in which he claimed that he was the offspring of his mother and a dragon. This story was written in the *Records of the Historian*. The concept of the emperor as the descendant of the dragon or the Son of Heaven was handed down from that time on. The emperor was looked upon as a representative of the dragon, and his face called the dragon's face.

Since the Tang Dynasty (618-907), the common people were forbidden to use dragon decorations and designs. In the Song Dynasty, emperors styled themselves *Zhen Long Tian Zi* (sons of the dragon). Because of this, the

common people were restricted from using dragon designs.

In the 13th century, Genghis Khan established the Yuan Dynasty. His successors stipulated that the patterns of the dragon be decorated only on the emperor's clothes, utensils, tents and carriages. The dragon thus became the emblem of the emperor. The rulers of the following Ming and Qing dynasties followed these conventions. In the 19th century, the dragon became the emblem of the Qing Dynasty. The image can be found on ancient silver coins and on the Chinese national flag of that time.

Artistic Image

A recently published picture album called *Dragon Art* includes 32 pictures with a dragon theme from 7,000 years ago to the beginning of the 20th century. The album has 152 representative pieces of arts and crafts with dragon patterns and 70 plates. The pieces include bronzes, jade articles, lacquerware, pottery, porcelain, paintings, furniture and fabric, all of them among the main collection in the Palace Museum. Each gives some idea of the artistic style of the different periods they represent.

The ancient representations of the shape of the dragon were simple and rough but full of strength. In the Xia Dynasty (c.2100-1600 BC), the dragon with two bodies, fins and scales appeared. In the Shang Dynasty,

the image of the horned dragon had a solemn, mysterious aura.

The Spring and Autumn Period (770-475 BC) is one of energy and activity in the sphere of learning, and representations of the dragon image were influenced by this energy. The image of the dragon began to acquire a definite form in the Han Dynasty (206 BC-220 AD). The dragon drawn on the silk painting unearthed at the Western Han tombs at Mawangdui, Changsha was full of power and grandeur.

In the following centuries, the dragon's shape was made thin. Its hair hangs down loosely and looks very natural and unrestrained.

In the Sui and Tang dynasties during the sixth to tenth centuries, the image of the dragon became very ornate and many paintings of dragons appeared.

In the Song Dynasty (960-1279), artists constructed an image of the dragon which amalgamated elements from each period of history. It has deer's antlers, a ghost's eyes, an ox's ears, a camel's (or a horse's) head, a snake's neck, an eagle's claws, a tiger's palm, a clam's belly and the scales of a fish.

With the decline of the feudal dynasties, the image of the dragon following the 14th century became elegant and poised. It no longer looked full of power.

To celebrate the year of the dragon, artists have drawn many different representations of dragons, symbolizing the rejuvenation of China by the dragon's descendants. ■

in the Sui Dynasty
(581-618 AD).



in the Yuan Dynasty
(1271-1368).



in the Qing Dynasty
(1644-1911).



Activities Set for the Year of the Dragon

February 17 this year marks the beginning of the year of the dragon, according to the Chinese lunar calendar. And a series of colourful activities will be organized to enrich foreigners' visits to China.

Between February 17 (the Spring Festival) and March 2 (the Lantern Festival), dragon dance performances and dragon lantern shows will be held in several big cities. Huge dragons made of grass and flowers will decorate Guangzhou's main streets and parks; a folk lantern show will be held on Xian's ancient city wall; a dragon lantern festival and a local food fair will take place in Nanjing and an international dragon dance contest in Fuzhou.

In early April, an international invitational kite-flying tournament will be held in Beijing and a show for flying dragon kites is planned for Weifang, Shandong Province.

In mid-June dragon boat races in Beijing, Guangzhou, Fuzhou, Guilin and Nanning will brighten tourists' visits.

During August and September, a garment festival and silk products exhibitions will be held

in Shanghai, Suzhou and Hangzhou in east China. At these exhibitions visitors will see the latest fashion and the traditional garments of different historical periods as well as have the opportunity to buy the latest silk products and fashionable garments.

Foreign tourists can sample local dishes at food festivals featuring dragon themes in Shanghai in June and Guangzhou in October. Xian will offer imperial court dishes of the Tang Dynasty (618-907).

National minority areas such as Yunnan Province, the Guangxi Zhuang Autonomous Region and the Inner Mongolian Autonomous Region will organize special activities. In Guangxi there will be a fireworks festival of the Dong nationality in mid-March, singing contests of the Zhuang nationality in early April and October and a reed-pipe festival of the Miao nationality in December. The "Nadam" festival of the Mongolian nationality, including the traditional horse races, wrestling and archery contests as well as literary and artistic performances, will be held in mid-July. And a

minorities' arts festival will take place in Yunnan in late September.

Foreign visitors who take pictures during any of these activities are invited to submit them to the international photo contests to be held in Beijing and Fujian and Shandong provinces. You may win a prize for them.

by Han Guojian

News in Brief

■ The construction of the Beijing New Era Hotel, a Sino-Japanese joint venture, was started on February 4 on the western outskirts of the Chinese capital. The hotel, which will have 101,250 square metres of floor space and cover an area of 22,800 square metres, is expected to be completed in August 1990.

The New Era will be run jointly by the two sides. It will have 762 rooms and suites and 13,500 square metres of rental office space, as well as restaurants offering Chinese, Western and Japanese food, bars, and beauty, health and entertainment facilities.

(Continued from P. 28, and P. 32 of North American Edition)

Western Europe

integrating technological standards.

Last September the EC adopted a 1987-1991 scientific and technological research programme. This will have important strategic implications in that it will enable Western Europe to compete with the United States and Japan in the areas of advanced science and technology and also raise its economic position. Last November the European Space Agency formally approved the long-term space plan for the 1990s. It agreed in principle to three programmes to develop a more powerful

Ariane-5 launcher, the Hermes mini-shuttle and the Columbus space laboratory in 1988.

The past year saw Western Europe breaking new ground in financial co-operation. In January 1987 the 12 EC countries adjusted the exchange rates of several currencies, stabilizing the fluctuating European monetary system. Early last September they signed the Nyborg accord to strengthen and stabilize this system through central bank intervention. As a result of this stronger financial co-operation, Western Europe was able to avoid the major impact of the stock crash which severely hit the West in October last year.

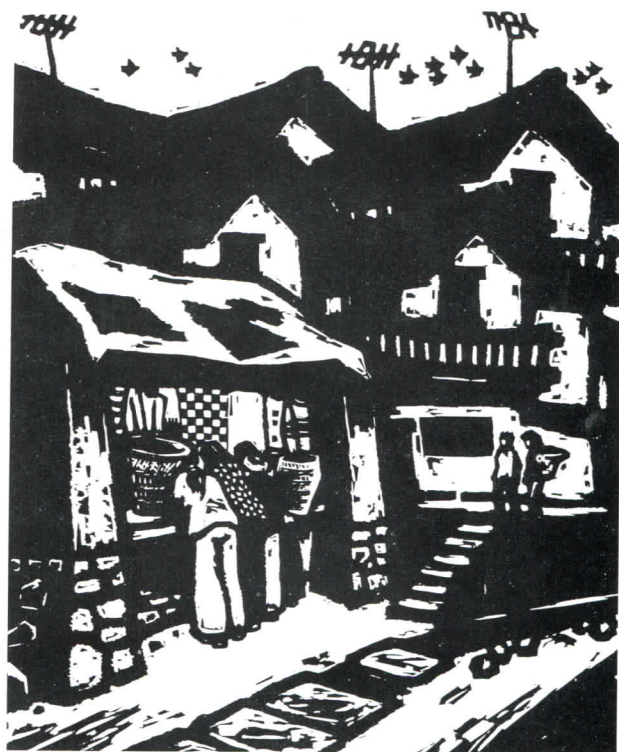
The integration process has given West European countries

room to manoeuvre in the current international situation and raised their level of independence in the international arena. This is both conducive to stability in Europe and to maintaining world peace. There will of course be some differences between the various West European countries in policies and attitudes towards co-operation. But leaders in Western Europe have adopted a positive approach to the disappointments and difficulties that lie ahead. They have expressed the need for Western Europe to effectively resolve minor problems and deal with internal affairs as soon as possible to consolidate its unity and play a more active part in international affairs. ■

ART PAGE



Winter



A Mountain Village Shop

Woodcut by Yang Keyang

Yang Keyang, born in 1914 in Suichang County, Zhejiang Province, is now vice-chairman of the Chinese Woodcut Artists Association.

Yang is a famous old woodcut artist, his works are bold and simple in design, full of vigour and colour.



Village Trail



Fighting a Wolf

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