

A CHINESE WEEKLY OF NEWS AND VIEWS

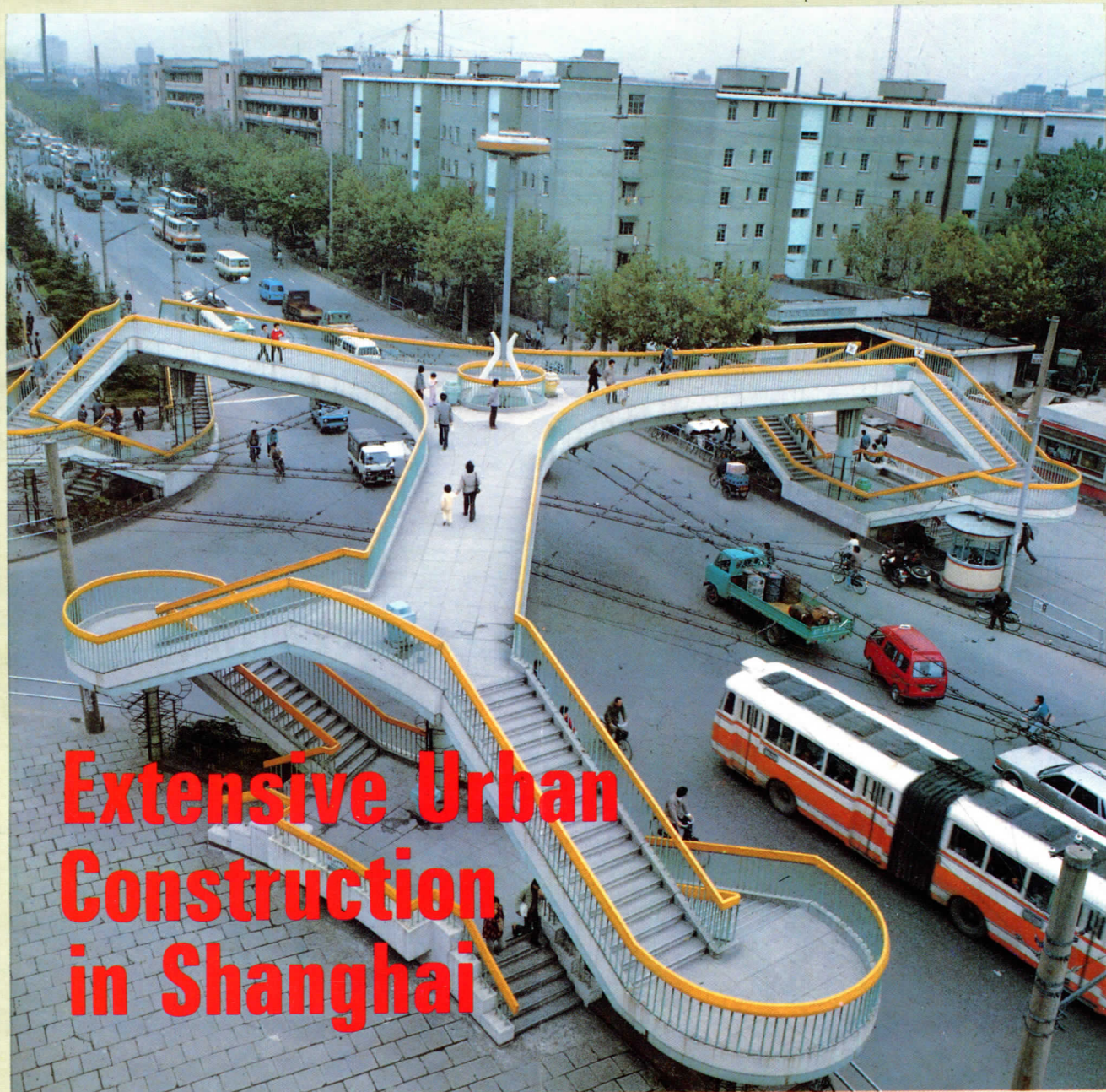
# Beijing Review

北京周報

Vol. 31, No.9

Feb. 29-Mar. 6, 1988

## Urban Women Want Enterprising Husbands



**Extensive Urban  
Construction  
in Shanghai**





Spring Festival Shopping

by Zhu Kaisong (12 years old)

## CONTENTS

### NOTES FROM THE EDITORS 4

Reform and the Party's Work Style

### EVENTS/TRENDS 5-9

State Considering Aid to Consumers

Lhasa Celebrates Tibetan New Year

Survey Looks at Chinese Opinion

Trade Flourishes Across Regions

Fuzhou Courts Foreign Investors

Bi-weekly Chronicle (Feb. 8-21)

### INTERNATIONAL 10-13

Soviet-Union: Big "Ifs" Hang Over Afghan Pullout

United States: Congress Vetoes Contra Aid

Finland: President Wins Re-election

Japan-USSR: Economic Relations Improve

### Shanghai Takes on a New Look 14

### The Collapse of a Joint Venture 20

### Lonely Heart Stirs the Nation 22

### Report on Dunhuang (I): A Grotto Treasure House 24

### FROM THE CHINESE PRESS 28-29

### BUSINESS/TRADE 30-31

### CULTURE/SCIENCE 32-34

**COVER:** One of a number of new pedestrian bridges built recently in crowded Shanghai.

Xu Xiangjun

## HIGHLIGHTS OF THE WEEK

### Extensive Urban Construction in Shanghai

■ Large-scale construction in Shanghai has alleviated traffic congestion, pollution and the housing shortage. But many problems remain unresolved. The city's ambitious development programme calls for more investment, including from foreign countries (p. 14).

### Lonely Hearts Ad Stirs the Nation

■ An ad for a wife placed by a rural man in a Shanghai evening paper attracted some 400 responses in the first three days. These included over 50 from university graduates. What led the most privileged and proudest of China's women to chase an ad (p. 22)?

### The Collapse of a Joint Venture

■ The Xinglong International Enterprise Co., a joint venture, was wrapped up amidst considerable acrimony in Gansu Province recently. The reasons behind its demise are examined and the question asked: Was it bad management, bad luck or bad faith (p. 20)?

### Treasure House of Buddhist Art

■ The world's largest, best-preserved treasure house of Buddhist art is found in the grottoes in Dunhuang—an important stopping place on the ancient "Silk Road." This is the first instalment of a series of articles on the 1,600-year-old Dunhuang grottoes, their history, their value and the research being done into them (p. 24).

### Soviets Put Conditions on Afghan Pullout

■ The Soviet Union's offer to pull its troops out of Afghanistan was accompanied by conditions that could be impossible for the Afghan resistance fighters to accept (p. 10).

Published every Monday by  
BEIJING REVIEW  
24 Baiwanzhuang Road  
Beijing 100037  
The People's Republic of China

General Editorial Office Tel: 8314318  
English Dept Tel: 831.5599 Ext. 546  
Distributed by **China International Book Trading Corporation** (GUOJI SHUDIAN)  
P.O. Box 399, Beijing, China

Subscription rates (1 year):  
USA ..... US\$24.00  
Australia ..... A.\$24.00  
New Zealand ..... NZ.\$33.00  
UK ..... £13.00  
Canada ..... Can.\$23.00

# Reform and the Party's Work Style

by Ge Wu

When people talk about the work style of the Party, it is sometimes to criticize it as a by-product of the economic reform and opening up to the outside world. They say that in the late 1950s, though "leftist" mistakes began to get out of hand, the Party's work style was good; now that a correct Party line has been re-established, its work style has degenerated. Others see only the achievements of the reform and opening up and ignore the serious threat posed by bureaucratic officialdom and abuse of power; they do not understand why people complain so much about the Party's work style. These two groups of people see only one side of the coin.

The 13th National Congress of the Chinese Communist Party held last October made a comprehensive estimation of the present work style, to the effect that since the Third Plenary Session of the 11th Central Committee in December 1978, the Party has restored its fine tradition of integrating theory with practice, maintaining close ties with the masses and conducting criticism and self-criticism; the policy of economic reform and opening up to the outside world has embodied the interests of the people and promoted the growth of productive forces; generally speaking, our Party has withstood the test of economic reform and opening up; the vast majority of our Party members and cadres have been faithfully and enthusiastically serving the people, demonstrating a practical spirit and creativity in their work. A small number, including some leading cadres,

however, have abused their power for personal gain at the expense of the people's interests, hindering the smooth progress of the reform and the implementation of the open policy, and tarnishing the Party's prestige. This estimation tallies with the present situation of the Party's work style.

But what sort of influence have economic reform and opening up exerted on the Party's work style? We should, first of all, appreciate that these changes have injected a vitality into the body of our Party, which will eventually increase its immunity to erroneous ideologies and malpractices. However, we must also recognize some new problems that have arisen in the Party since the implementation of the changes.

Before the introduction of the policy of reform and opening up in 1979, the equal-share-for-all practice with "everybody eating from the same big pot" created a stagnant economy characterized by an extremely short market supply of commodities and limited personal incomes. At that time, power abuse and corruption were indeed rare. The efforts to develop a commodity economy and open to the outside world have invigorated the economy, promoted production and increased people's incomes. However, the incidence of legal offences in the economic field has also increased.

China has taken a big step forward in breaking with old practices, and we should see these offences in the Party and society as problems arising only in the process of progress.

If there were few cases of

malpractice in the economic field in the past, it was because the conditions in which it could breed were not there. It was like a germ-free vacuum where people had no worries about contracting diseases but also lacked immunity. The invigoration of the economy created opportunities for offences to be made. This is a new problem arising from the new situation. But the Party can become powerful only through fighting decay and stagnation.

China is now in a transitional period. An imperfect legal system, loopholes in the policies, poor market regulation, and unequal opportunities are important factors contributing to the emergence of malpractice. For example, the break from the old planned distribution system of materials does not automatically mean that a market regulation mechanism is established. In this situation two prices can exist for the same commodity; some goods in short supply are still distributed according to plan at lower state-set prices, and whoever gets the set quota of these goods can easily resell them at much higher prices.

Another example involves thriving township and village enterprises which have in recent years built up their role in the national economy. There can be no denying that some of them have resorted to speculation and even bribery to get the raw materials and the means of transportation they need, and to find markets for their products. However, strict measures against such practices would result in such enterprises being nipped in the bud. These

problems can only be solved by relying on a gradual perfecting of the market mechanism and on accelerating and deepening the reform.

Deng Xiaoping once said: "It is true that the errors we made in the past were partly attributable to the way of thinking and style of work of some leaders. But they were even more attributable to the problems in our organizational and working systems. If these systems are sound, they can place restraints on the actions of bad people; if they are unsound, they may hamper the efforts of good people or indeed, in certain cases, may push them in the wrong direction." China is now developing a socialist commodity economy through economic restructuring, and constructing socialist democracy through political restructuring. This will prove to be the only way of rooting out the causes of malpractice.

The work style of some individuals should also not be ignored. To rectify the Party's work style, strict demands should be set on the Party, especially on its leading organizations and cadres, since their work styles exert a great influence on the work style of the Party as a whole. There should be a firm crackdown on corruption, bribery and embezzlement. Offenders within the Party must be ousted as tolerance for such elements will bring ruin to the Party. In addition, education should be strengthened to improve the quality of Party members and cadres, making them ideologically strong enough to withstand the test of economic reform and opening up, and to steadfastly adhere to the Party's policies and principles.

The Party's work style will certainly be improved when accelerated economic reform is coupled with strict discipline within the Party.

## State Considering Aid to Consumers

China's major economic task this year is to stabilize the national economy by means of further reforms, including consumer subsidies, Acting Premier Li Peng said on February 17.

"The policy is a positive one," Li told more than 4,000 representatives from all walks of life attending a Spring Festival rally held in Beijing.

The general performance of the economy was good last year, he said. But there are still several problems and areas of instability. The most pressing problem is rising prices, particularly of food, which have led to lower living standards for some urban residents.

Governments at all levels should regard stable prices as a priority, Li said. But he added that rigidly controlling prices by administrative means, as was done in the past, is not the answer. Instead, the commodity economy requires that prices be determined by market value.

"The government is considering ways to compensate consumers

when prices of major food items are increased," he said. Consumer subsidies would help further reform the country's outdated pricing system and promote the development of productive forces, but would not have an adverse impact on people's living standards. The government will continue to control capital investment, consumer spending and bank lending and will extend the information network monitoring changes in prices.

"Secondly, we will make greater efforts this year to achieve stable growth in agricultural production and to carry on rural economic reforms, concentrating on boosting the morale of the farmers and bringing science and technology to the countryside."

Li urged governments at all levels to devote greater efforts to implementing the enterprise responsibility system and controlling public spending and extravagance.

The Chinese government attaches great importance to the

Li Peng, China's acting premier, addresses a Spring Festival rally held at the Great Hall of the People in Beijing.

WANG XINGQING





strategy of accelerating the development of its coastal areas, as proposed by Party General Secretary Zhao Ziyang, Li said. "We will not miss the opportunity to launch such a strategic development immediately, because a developed coastal China will speed up the growth of the entire national economy, including the country's inland areas."

The State Council has also decided to accelerate the reform of China's foreign trade system, focusing on giving enterprises greater freedom of management and more financial responsibility.

The acting premier mentioned recent problems in transport safety in his Spring Festival address. He expressed regret over the tragic loss of life in plane and train accidents in January, and said the government has taken measures to compensate the victims' families, while investigating the causes of the disasters.

"All departments must give top priority to safety, because accidents in operation will not only endanger production but disrupt social stability," he said.

He pointed out that China will reform its government structure this year, as an essential part of the country's political reform. He urged all departments and officials to co-operate in the interest of the nation as a whole during this reform.

On the question of Taiwan, he said, "Since last year, the Taiwan authorities have loosened the restrictions on Taiwanese coming to the mainland to see their relatives. That is in keeping with the aspirations of people on both sides of the Taiwan Strait. We hope the new leaders of the Kuomintang will continue with this trend and make further efforts for the peaceful reunification of the motherland."

Li extended festival greetings on behalf of the Chinese Communist Party Central Committee and the

State Council to Chinese people of all nationalities, army personnel, democratic parties, all patriots and all compatriots in Hong Kong, Macao and overseas. He also paid tribute to foreign experts and friends helping in China's modernization drive and to peace-loving people and friends throughout the world.

## Lhasa Celebrates Tibetan New Year

Residents in Lhasa, the capital of the Tibet Autonomous Region, ushered in the new year on February 18—one day later than the rest of China. The occasion was marked by religious ceremonies, family banquets and other traditional activities.

As the clock struck midnight on New Year's Eve, firecrackers resounded throughout Lhasa, signalling the end of the Fire Rabbit Year and the beginning of the Earth Dragon Year by the Tibetan calendar.

Incense smoke coiled around the Jokhang Temple, in the centre of the city. When the lamas

finished a ceremony in the temple at 4 am, hundreds of Buddhists from all over Tibet and neighbouring Sichuan, Qinghai and Gansu provinces poured in to pay homage to the gold statue of Sakyamuni, the founder of the Buddhism.

The celebration at the Zhebung Temple, the largest in Tibet, began at 2 am and lasted until 11 am. People came to the temple to worship and give alms. It is said that each of the 400 monks in the temple earns an average annual income of 1,400 yuan (about US\$375), slightly higher than a typical Chinese worker. The monks get two days' holiday at New Year's time, most of which they spend with their families.

As in other parts of the country, the first day of the new year is an occasion for family reunions. Tsering Wangmo, her husband and their six children spent the day together, eating, drinking, chatting and watching television. Visits by neighbouring young couples one after another added to the festive atmosphere. "As life becomes better each year we have more money to spend on the New

Tibetans holding "qima" (religious offerings) wish each other a happy new year and a bumper harvest.

MA JINGQU



Year celebrations," Tsering Wangmo said as she presented food and wine for her guests.

Tibetans like to go visiting on the second day of the new year, and visitors were seen everywhere in Lhasa. Women were especially eye-catching in their dark green and grey Tibetan gowns made of silk, satin and wool.

Kangba people, a branch of Tibetans, were also conspicuous in the streets. Mostly from Qamdo Prefecture and neighbouring provinces, they wore red headdresses and the men had Tibetan swords hanging at their waists. They strolled the streets in threes or fours, shopping and amusing themselves.

There were fewer pedlars than usual in the city's biggest marketplace near the gold-roofed Johkang Temple, for many prefer

**A Young Tibetan break-dancing to celebrate the Earth Dragon Year in Beijing.**

ZHANG YANHUI



staying with their families in the holiday season to making money.

New films were showing at local cinemas and the television station had prepared a dozen new programmes in the Tibetan language.

Tourists from Hong Kong and Austria, the United States and other countries, who were visiting Lhasa, spent New Year's Day with Tibetan families. ■

## Survey Looks at Chinese Opinion

**A** decade ago, no one knew how ordinary Chinese people viewed international affairs except through government statements. Today, as China opens its doors wider to the outside world, Chinese people are more interested in global issues. And the government has set up an organization to find out and publicize their views.

Last year the newly founded China Social Survey System surveyed 2,576 people in selected cities on the issues of disarmament, the centre of world civilization and reform in the Soviet Union.

Respondents were told, "Some people think that the arms race between the two superpowers is the major threat to world peace and call for disarmament and the destruction of nuclear weapons." Asked whether they agree with this suggestion, 65.8 percent of those polled said "yes," 3.5 percent said "no," and the rest said they were uncertain, did not know or gave no answer.

For years some people in Europe and North America have predicted that oriental civilization will replace Western civilization as the predominant one in the world. Some people even say that the prediction has gradually become a reality with the decline of Western Europe; the economic boom of Japan, South Korea, Hong Kong,

Singapore and Taiwan; and the reform and openness of the mainland of China.

The survey said, "It is predicted that the centre of world civilization will shift from the Atlantic areas to the Pacific areas and that the western United States, Japan, China and Southeast Asia will be the world's new economic and cultural centre in the next century. Do you agree with this assumption?" In reply, 63.3 percent of the respondents said they were uncertain, did not know or gave no answer, 32.2 percent said "yes," and 4.5 percent "no."

Further analysis showed that the more educated respondents were more likely to be affirmative in their opinion on this question. Most of the college students and graduate students who were surveyed agreed with the assumption.

Both China and the Soviet Union are currently carrying out reforms, and both are paying attention to each other's activities. But 50.8 percent of the respondents said they are unaware of the reforms being carried out by China's biggest neighbour. Most of those who knew about the Soviet reform programme were appreciative of it. Of the total number of people polled, 28.4 percent approved of the Soviet reforms and only 2.4 percent disapproved.

One survey analyst said that the younger and more educated the respondents were, the more likely they were to understand and appreciate the Soviet reforms. ■

## Trade Flourishes Across Regions

**E**conomic alliance among businesses in China have developed rapidly, both within provinces and municipalities, and some regional and national alliances have also begun to emerge. To date, there have been 18 alliances between

enterprises sharing a common nature, and group trade is enjoying new vitality.

Trade groups connect production and retail, and therefore shorten the business cycle. They provide both industry and commerce with the conditions for centralized trade. At the same place, stores can order goods from hundreds of factories; and a factory can supply enough goods to satisfy a wide variety of demands.

China's traditional commercial distribution system favoured "regional balance," so products were usually sold only in the areas in which they were produced. Markets were totally separated from one another. For example, bicycles produced in Shanghai could not be sold north of the Changjiang (Yangtze) River, while those produced in Tianjin could not be sold across the Huaihe River to the south.

With the reform to the economic structure in cities, large and middle-sized enterprises have put into practice various forms of contract systems. Quite a number of small enterprises have introduced leasing systems. Businesses are slowly gaining the right to conduct their own sales. A large number of military factories were converted to produce goods for the general population. Collective enterprises, village and township enterprises and family enterprises are developing at a rapid rate. All these industries need a broad market.

Business itself faces two types of change. As the social purchasing power has rapidly increased, local products cannot satisfy the demands of local markets. Sources of supply have multiplied, and limits to cross-regional trade relaxed since the emergence of a large number of distribution channels on the market. Business enterprises are facing new competitive circumstances.

Under these conditions, individual business enterprises were

limited by the quantity of information, labour, money and material available to them. Attempts to organize commodity sales across the country, therefore, suffered, as did the enterprises. The emergence of transregional trade groups is thus a timely one.

Most transregional trade group cover more than 10 provinces and municipalities and some even cover 20. Some extend to the county level. They join together to sell and publicize items for sale, stimulating the sale and promotion of products. Enterprises can also help make up production shortfalls, to maintain their position of strength on the market.

From 1980 to 1986, business transactions at meetings held by the National Large Stores Economic Union involved 1,350 million yuan (about US\$355 million) worth of orders. In the National Industrial and Business Joint Sales Exhibition, overall sales totalled about 2,270 million yuan in 1985. ■

## Fuzhou Courts Foreign Investors

**F**oreign business people can now either buy or buy shares in some state-run enterprises in Fuzhou, capital of Fujian Province, says Yuan Qitong, secretary of the Fuzhou municipal committee of the Communist Party of China (CPC).

The move is part of a determined effort by the city to further develop its outward economic orientation. "Foreign business people are allowed to buy into Fuzhou's big state-owned corporations and factories as shareholders, and they can even appoint their own people to manage," he said.

They will also be encouraged to buy some of the city's small and medium-sized state factories, he added, saying that details are still to be worked out.

"We will auction off not only poorly managed factories but also

profit-making ones." This is the first time that foreign companies have been permitted to make corporate inroads into Chinese state-owned enterprises.

Yuan said the move is intended to speed up economic development in Fuzhou, in compliance with a recent appeal by Zhao Ziyang, the general secretary of the CPC. During a two-day inspection tour of Fuzhou on January 3 and 4, Zhao urged local officials to open the city up wider and be more flexible in implementing economic reforms and absorbing foreign investment.

The municipal government will increase its preferential treatment for foreign investors, Yuan said. "They are welcome to establish wholly owned enterprises here. And they can make their own decisions without any outside interference. We'll take measures to protect, support and co-operate with them to ensure that they make money."

He said foreign business people who want to run enterprises will be encouraged to manage them according to international practice, and the Chinese side will not insist on having representatives in the management. To simplify procedures and cut red tape, the municipal government opened a foreign investment centre at the beginning of last month. Foreign investors will be able to complete all the procedures for establishing a joint or contractual venture in the same building.

In 1984, Fuzhou became one of the first 14 coastal cities on the mainland of China to be opened up to the outside world. The cities enjoy broad autonomy in attracting foreign funds and carrying out economic reforms. So far Fuzhou has approved the establishment of more than 200 foreign-funded enterprises, with a total investment of US\$300 million, of which US\$130 million came from foreign sources. More than 115 of the enterprises are in operation. ■



## Bi-weekly Chronicle

(February 8-21)

### POLITICAL

February 9

■ Chinese President Li Xiannian and Australian Governor-General Sir Ninian Stephen meet in Beijing.

Li says that since the establishment of diplomatic relations between China and Australia in 1972, the development of bilateral relations has been satisfactory. "I believe that the bilateral co-operation will enjoy greater development."

■ In an emergency circular, the Supreme Court orders people's courts at all levels and the military court of the Chinese People's Liberation Army to struggle resolutely against crime as the Chinese lunar New Year approaches.

February 10

■ At a news briefing, a Chinese Foreign Ministry spokeswoman says that the Chinese government has firmly stated on many occasions that it will never recognize the illegal "McMahon Line" and the so-called Indian Arunachal state, and will never accept the occupation of Chinese territory by India.

February 11

■ Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, meets foreign experts who have worked for a long time in China and thanks them for their valuable contributions to the country's socialist revolution and construction.

With the approach of the traditional Spring Festival, Zhao wishes them good health and long life, and passes on warm wishes and thanks from the Party and the government.

### ECONOMIC

February 9

■ Zhao Ziyang, China's Party

leader, tours Beijing Jeep, the country's first Sino-US automotive joint venture.

Zhao says: "Exchanging foreign-made parts which cannot be produced domestically for goods manufactured by China's cheap labour force would be beneficial to foreign partners.

"Through this type of barter trade, China could help alleviate financial problems faced by foreign partners, who could, in exchange, provide advanced technology to China."

February 12

■ The Shenyang No. 4 chemical Factory, a collectively owned enterprise in the capital of Liaoning Province, has recently leased the state-owned Dongling Chemical Fertilizer Factory, which has been losing money for the past two years, Xinhua reports.

So far, the leasing system is being implemented in more than 30,000 Chinese industrial and commercial enterprises.

February 18

■ The State Council's Rural Development Research Centre has chosen 12 areas in 10 provinces and autonomous regions as experimental zones to test out different approaches to rural reforms, *Liaowang* (Outlook Weekly) reports.

The experiments involve land management, rural enterprises, rural finance, and pricing and distribution of farm products.

February 20

■ Beijing area farmers had a record grain harvest last year, *Renmin Ribao* reports.

The output was 2.27 million tons, 73,500 tons more than the record 1985 crop. The average annual rural income rose to 900 yuan (about US\$242) from 803 yuan in the previous year.

### CULTURAL

February 8

■ Speaking at a gathering of

people working in the fields of literature and art in Beijing, Rui Xingwen, a member of the Secretariat of the Chinese Communist Party Central Committee, calls for more creativeness.

Literature and art should serve the people and socialism, but this does not mean there should be only one way of thinking in these areas, Rui says.

February 18

■ The 86 orphans at Yantai's SOS Children's Village donned their holiday best and danced to disco music to welcome in the Year of the Dragon on the Chinese lunar calendar, Xinhua says.

A festive atmosphere permeates the village, which was built with international aid to provide a home for homeless children.

Gifts and donations from around the country have poured into the village in this port city on the coast of the Shandong peninsula in eastern China.

### SOCIAL

February 16

■ A hepatitis epidemic that swept through Shanghai earlier this year appears to be under control, Xinhua reports.

In mid-January, an average of 130 victims of the disease were being hospitalized a day, but no new cases have been reported in the past few days, an official of the Shanghai municipal public health bureau says.

Tainted shell fish touched off the wave of infection.

■ Ye Shengtao, a noted Chinese educator, writer, publisher and social activist, died in Beijing this morning at the age of 94, Xinhua reports.

Ye was involved in education for more than 70 years. He also took an active part in patriotic activities in the war years and contributed to the victory of the people's revolution and the founding of New China.

## SOVIET UNION

**Big "Ifs" Hang Over Afghan Pullout**

*Mikhail Gorbachev has made a conditional offer to withdraw Soviet troops from Afghanistan. The proposal is a positive step, but whether it will be implemented depends on negotiations in Geneva.*

On February 8 Soviet leader Mikhail Gorbachev startled the international community by offering to pull Soviet troops out of Afghanistan. Specifically, Gorbachev said the withdrawal could begin on May 15 and be completed within 10 months.

But then came two big "ifs"—one from the Soviet Union and one from its puppets in Kabul. The Soviets said the withdrawal can occur only if Pakistan and the Kabul regime sign an agreement at talks under United Nations auspices in Geneva.

The Soviet demand that the Pakistan government "sign an agreement" with the Kabul regime is in fact asking Pakistan to admit the regime's de facto legitimacy. That legitimacy is precisely what the Soviets have failed to achieve by military means in Afghanistan.

Nonetheless, Kabul regime leader Mohammad Najibullah put in his own "if." In a speech broadcast in Afghanistan, he said that not only would there have to be an agreement between Kabul and Pakistan, but that the United States would have to agree to halt its support to the Afghan resistance forces.

Those are two very big "ifs" indeed. Still, the talks are to resume. Diego Cordovez, the UN mediator, announced on February 9 in Islamabad that the next round of "indirect talks" aimed at resolving the Afghan problem politically would take place on March 2. Recently, Cordovez has been shuttling between Kabul and

Islamabad, mainly to further the negotiations on the timetable for the Soviet troop withdrawal.

At the latest indirect talks in Geneva, in September 1987, Kabul insisted on a 16-month timetable while Islamabad demanded eight months. Earlier in the almost six-year-old talks, which have been chaired by Cordovez, since they started in April 1982, Pakistan and Afghanistan reached agreements on three of the four points contained in the mediator's draft peace package: non-interference, international guarantees and the return of Afghan refugees.

While at first glance, the Soviet withdrawal—the key to solving the Afghan problem politically—seems imminent, the "ifs" loom large, particularly the Soviet one.

Even as Cordovez began his visits on January 20, Pakistan announced that it has no intention of "signing an agreement" with the Kabul regime. President Zia ul-Haq told the *Washington Post* that his government would not sign any agreement with Kabul because the regime was established by Soviet military force.

TASS, the official Soviet news agency, responded quickly, saying that President Haq had "again shut the door to a political solution of the Afghan problem."

But Pakistan has been consistent in its refusal to recognize the Kabul regime. It is precisely because of Pakistan's steadfast adherence to this stance that the

Geneva talks have been "indirect." For nearly six years, the Kabul regime has been trying without success to change the indirect talks into direct ones.

During the UN mediator's visits, Pakistan released a statement explaining its position that any agreement reached in Geneva must be acceptable to the Afghan resistance organizations. Because these groups have been the mainstay of the struggle against Soviet aggression and have made great sacrifices in the fighting, a provisional government consisting of the Afghan resistance organizations, refugees and representatives of the Kabul regime needs to be established. Its primary functions would be to supervise the Soviet troop withdrawal, arrange the return of refugees and organize a general election.

Pakistan's support for these

**Afghan resistance fighters with a captured Soviet tank.**



goals, which are aimed at guaranteeing the smooth implementation of any agreement reached in Geneva, is also completely consistent.

As for the Afghan resistance organizations, they have demonstrated some flexibility. In the past, they refused to acknowledge the indirect talks in Geneva and demanded direct negotiations on withdrawal with the Soviet Union. But recently their leaders began meeting Cordovez in Peshawar, Pakistan, on the condition that it is admitted that the resistance groups are the "major party" in the Afghan war. Nevertheless, they remain firm in their stand of not recognizing the Kabul regime.

The establishment of a provisional government is the current focus of negotiations. The Soviet Union has stated that its withdrawal from Afghanistan is not "based on the establishment of

the provisional government as a prerequisite, and the question of the government's formation is solely up to the Afghans themselves."

Behind these nice words, however, is the same old Soviet "condition": the recognition of the legitimacy of the Kabul regime, which would further Moscow's aim to organize the government. The Afghan resistance is prepared to spill a lot of blood to prevent that from happening.

The Afghan resistance factions differ among themselves over the organization of the interim government. Now, unfairly, they must also deal with pressure from those who, without understanding the conditions set by the Soviet Union and the Kabul regime, are prepared to hold them and Pakistan responsible for any delay in settling the Afghan problem.

**Ma Guang**

his aid request from US\$270 million to US\$36 million. Only 10 percent of the money was to go for military aid, while 90 percent would be "humanitarian aid" consisting of food, medicine and clothing.

But despite Reagan's efforts, the majority of representatives still opposed the plan, stressing that any aid to the contras, no matter how little, could hinder or even strangle the Central American peace process.

The rejection shows that Reagan's persistent intervention in Central American affairs has met strong opposition and criticism at home, as well as internationally. There is no future for the stubborn policy of support to the contras, which can only aggravate the tensions in Central America. The policy runs counter to the desire of the region's people for peace and development.

Central American nations have made great efforts in recent years to settle their conflicts. Several summit meetings have been held, and Nicaragua, in particular, has adopted a series of peace measures. At the recent Central American summit held on January 15-16 in Costa Rica, Nicaragua made significant new concessions. The Sandinista government said it would lift the state of emergency and hold direct talks with the contras. These efforts, which were welcomed by the international community, are making progress.

Resolutions on Central American adopted by the United Nations Security Council have voiced consistent support for the peace efforts of the countries of the region. An increasing number of US congressmen also maintain that while Central American countries are striving for peace, the United States should drop its aid to the contras and give peace an opportunity. Under these circumstances, Reagan's intentional disregard of the peace efforts and his insistence on contra aid were bound to run into trouble.

## UNITED STATES

### Congress Vetoes Contra Aid

*The veto by Congress of US President Ronald Reagan's contra aid package is a significant setback to his Central American policy.*

**O**n February 3 the US House of Representatives voted down President Ronald Reagan's request for US\$36 million in new aid to the Nicaraguan contra rebels. The vote was 211 for and 219 against.

The narrow defeat dealt a heavy blow to Reagan's controversial Central American policy. It was his last chance to request money for the contras before his term in office expires.

The House majority leader said the vote was the end of a chapter; the contra aid plan of the Reagan administration has died.

Support to the contras has been

one of Reagan's major foreign policy priorities. The president has insisted that military pressure is the only way to prevent Nicaragua from becoming a Soviet "beach-head" in the Western Hemisphere.

The United States has provided more than US\$200 million to the contras since Nicaragua's civil war began in 1981. However, aid to the rebels has become increasingly unpopular. In the two weeks before the vote, Reagan tried to drum up support for his request. He held face-to-face meetings with dozens of members of Congress.

The president had already cut



The problems of Central America can only be settled through peaceful consultations among the countries of the region. The congressional veto of contra aid means Reagan can no longer do what he wants in his "backyard." It is in the interests not only of Central American nations but the United States as well for Washington to halt its intervention and instead support

regional peace efforts. More and more Americans have realized this, as the vote in Congress indicates.

But it is not clear whether this point has been realized by the Reagan administration. It is possible that Reagan's intervention policy may come out in other forms.

by Duan Ping

## FINLAND

### President Wins Re-election

*Mauno Koivisto will be Finland's president for a second term thanks to the results of an indirect election.*

On February 15 Mauno Koivisto was elected by an overwhelming majority of Finland's electoral college to a second six-year term as president. Speaking on state-run television after his reelection, Koivisto said, "I will not try to get involved in internal politics, but I will concentrate on Finland's relations to the other countries."

He expressed the hope that reforms he has proposed will transfer the centre of political power to the country's legislature and strip his office of such powers as the right to dissolve Parliament.

Koivisto, a Social Democrat, failed to gain an absolute majority in direct voting held on January 31 and February 1. The direct election, in which 82.6 percent of Finland's eligible voters took part, gave him 47.9 percent of the votes, Conservative Prime Minister Harri Holkeri 18.1 percent, Centre Party leader Paavo Vayrynen 20.1 percent, left-wing 88 Movement candidate Kalevi Kivisto 10.4 percent and Democratic Alternative candidate Jouko Kajanoja 1.4 percent.

The voting was conducted under Finland's new election law.

Voters cast ballots for both a presidential candidate and a candidate for the electoral college. In previous general elections since 1917, voters cast one ballot for president only.

The election was low-key because of the lack of fundamental differences among the candidates on either domestic or foreign issues. They disagreed over how to approach Finland's trade surplus with the Soviet Union, its relationships with West European countries and its role in international affairs.

Koivisto has stuck to Finland's traditional policy of neutrality

## JAPAN-USSR

### Economic Relations Improve

*Japan and the Soviet Union signed a trade agreement at the beginning of February. The pact was a big step which reflects an improvement in the countries' economic relations.*

The 11th meeting of the Japanese-Soviet Economic Committee, which closed in Tokyo on February 2, decided to further develop bilateral economic and trade ties and reached a

since he first took office in 1982. He has played an active and positive role in promoting world peace and international co-operation. At meetings of the Conference on Security and Co-operation in Europe and the Conference on Disarmament in Stockholm, he worked to allay East-West tensions. He has also promoted a relaxation in tensions in Europe and the strengthening of North European co-operation, thus enhancing Finland's international position.

In domestic policies, he advocates reducing presidential powers and expanding the role of Parliament and the government. He calls on all political parties and on employers and employees to settle their disputes through consultation. And he supports government efforts to reform the economic structure and stabilize the economy.

Finland's internal and foreign policies are unlikely to change substantially in the wake of the election. The country is expected to attach greater importance to West European and third world countries both in diplomacy and economic relations, and to upgrade its competitiveness in international markets by stepping up the reform of its economic structure.

by Gu Zhen

US\$210 million import-export agreement. This represents a breakthrough in economic relations between Japan and the Soviet Union.

A joint statement from the

meeting said the two countries will co-operate on a plan by the Soviet Union to exploit its forest resources. Japan will provide technology and equipment and import timber from the Soviet Union. To correct the imbalance in bilateral trade and help the Soviet Union expand its exports, Japan also agreed to send an economic delegation to look at Soviet export products and factory modernization and study the feasibility of setting up joint ventures. Subcommittees on joint ventures, coastal trade and tourism will be set up to strengthen the joint economic committee. And the Soviet Union will provide Japan with details about its reforms.

The Soviet Union sent a delegation of 80 people to Japan. They exchanged views on expanding economic and trade co-operation with many figures in Japan's economic community, and held consultations on seven aspects of co-operation, including forest exploitation, chemical engineering projects, and oil and natural gas exploration and exploitation on the Soviet island of Sachalin, north of Japan. Both sides said the meeting marked a starting point which would open up new directions in their economic relations.

Japanese-Soviet relations have not been harmonious for many years. They thawed briefly in 1986 when the two countries' foreign ministers exchanged visits for the first time in eight years, and a series of economic and cultural co-operation agreements were signed. But relations deteriorated again last year. Allegations that Toshiba had provided the Soviets with sensitive technology that would threaten Western security were followed by mutual expulsions of diplomats.

Economic co-operation suffered. Trade volume dropped to US\$4.9 billion in 1987, down 4.2

percent from 1986. Japan's exports to the Soviet Union plunged by 18.6 percent. The 11th meeting of the Japanese-Soviet Economic Committee was put off twice.

At the end of last year Mikhail Gorbachev visited the United States, and the Soviet and US leaders signed the intermediate-range nuclear forces treaty. The trend towards a relaxation in international relations, along with Soviet economic reforms, exerted a positive influence on Japanese-Soviet economic relations.

When Japanese Prime Minister Noboru Takeshita took office last November, he expressed the hope that friendly relations would be established between Japan and the Soviet Union. Takeshita stressed that the priority for Japan's Soviet policy is to resolve outstanding territorial issues, but he said he still took a positive attitude towards Japanese-Soviet economic exchanges.

Co-operation is in the interests of both sides. The Soviet Union needs funds and technology from Japan to carry out its economic reforms. Moscow hopes that Japan will participate in its massive plan to exploit the Soviet far east. The Soviets also hope to restore bilateral coastal trade, which has been stagnating, and to expand joint ventures with Japan and promote technological exchanges and co-operation.

Japan needs the rich resources and wide market offered by the Soviet Union. Increasing trade clashes with the United States and Western Europe, and disputes over the opening up of Japan's agricultural and construction markets make it especially necessary for Japan to seek new economic partners.

However, Japan does not believe that the Soviet Union has changed either its basic diplomatic policy or its stand on territorial disputes with Japan. The Japanese

also have misgivings about Soviet reform policy, and are keeping a wary eye on the Soviet military threat. So while the recent meeting made a start in the direction of increased Japanese-Soviet economic co-operation, the course of future developments will not be smooth.

by Yao Li

## International Studies

A quarterly in Chinese

Contents of Issue No. 1, 1988

Relaxation of US-Soviet Tension and Profound Changes in International Relations — *Song Yimin*

The Truth About the Eastern Sector of Sino-Indian Boundary — *Jing Hui*

The INF Treaty and the Situation in Europe — *Xing Hua*

French Security Efforts During the 1980s — *Shao Xuesong*

New French Diplomatic Moves Towards the Third World — *Wang Yingying and Kong Quan*

An Analysis of Soviet Aid to India — *Wang Hongyu*

Soviet Policy Towards Japan in the Past Three Years and Its Prospects — *Jia Bei*

Ongoing Perestroika in Soviet Macroeconomic Mechanisms — *Hui Yijun*

Evolution of Japan's Economic Assistance to Foreign Countries — *Lu Guozhong*

The C. Aquino Government Advances With Difficulty — *Zhou Rong*

\* \* \*

China's Foreign Relations: A Chronicle



## Shanghai Takes on a New Look

**Large-scale renovation and construction has been relieving Shanghai, China's largest economic centre, of its painful traffic congestion, pollution and housing shortage problems. Increased revenue after tax and a bold move to introduce foreign investment are providing more funds for this ambitious development programme.**

by Our Correspondent Han Baocheng

**T**he Shanghai Railway Station, the largest and most up-to-date railway station in China, was opened for service at the end of 1987. The new station contrasts sharply with its 30-year-old predecessor and has increased Shanghai's transit passenger capability by two and a half times. The station has 16 waiting halls covering a total floor area of 14,000 square metres, complete with air-conditioners, 17 lifts and escalators, service facilities and a micro-computer and TV monitoring system. Hotels, post offices, a shopping centre, highway over-

passes, and passenger tunnels have also been built to serve the nearby area.

"This railway station opens a new chapter in the annals of Shanghai's urban construction," said Mayor Jiang Zemin, pointing to the large mass of magnificent buildings in the downtown area.

Last year was Shanghai's banner year in urban construction. As well as the new railway station, a 2,261-metre-long, 11-metre-wide tunnel was built across the Huangpu River near the Bund; the first stage of construction was completed on a gas station capable

of supplying 1 million cubic metres of domestic gas each day, and on a project to divert water from the upper reaches of the Huangpu River to meet the needs of 2.5 million residents. Other projects, such as a waste water treatment plant, the Huangpu River Bridge, a subway system and the expansion of Shanghai Airport, are either under way or in the planning stage.

"The reforms have been in progress for nine years. Now I see new hope for Shanghai," said an old man, walking along the bank of the Huangpu River.





The second tunnel across the Huangpu River under construction

XU XIANGJUN

agricultural development. The 30 million yuan left over each year was only enough for the city to tinker on the margins of urban facilities. In the past 30 years, the construction of new urban districts and satellite towns in the outskirts of the city has made the old downtown areas look grubby in comparison. Pollution, traffic jams and housing shortages have become all the more conspicuous.

Take downtown traffic for example. The area covered by roads averages only 2.6 square metres per-capita, less than half that of Beijing and one-third that in Paris. Grade crossings and narrow streets packed with crowds of pedestrians and bumper to bumper with cars make it impossible for cars to move forward at more than ten or so kilometres an hour.

In 1985, the central government decided to relieve Shanghai's financial burden and increase its proportion of retained revenue from 15 to 23.54 percent. In that year, Shanghai kept 1.5 billion yuan which would otherwise have been delivered to the state treasury, bringing its total re-

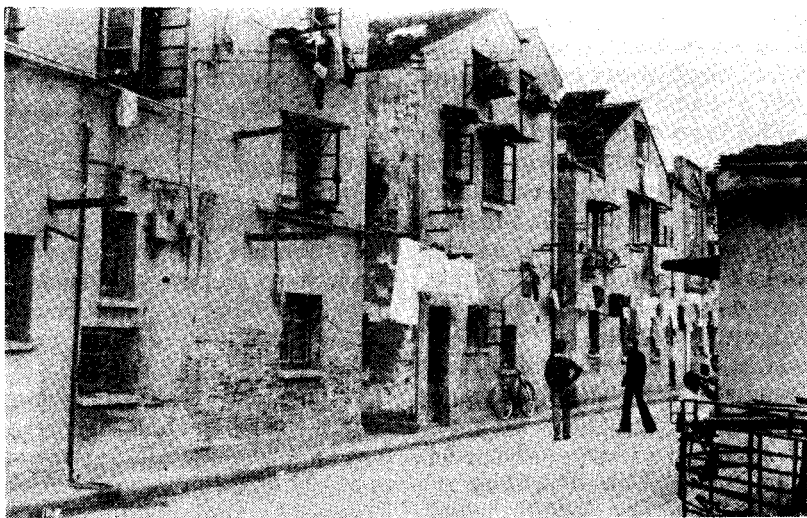
## Two Financial Sources

To overcome its shortage of funds, Shanghai has since 1985 opened up two channels for financing these projects, one from overseas and the other from within the country.

The largest industrial centre in China and one of the largest harbours in the world, Shanghai has a population of more than 12 million, 5 million of whom are in employment. Between 1949 when New China was founded and 1985, Shanghai recorded a total income of 400 billion yuan, of which 90 percent, or one-seventh of the nation's total revenue, went to the state treasury. The remaining 10 percent was kept by the city and mainly directed to

One of Shanghai's old lanes.

HAN BAOCHENG



tained revenue to 4.26 billion yuan. This extra money went mainly towards building and renovating urban facilities.

In 1986, the State Council approved an overall development programme for the city. Shanghai spent about 1.39 billion yuan, a 35.2 percent increase from 1985, on public facilities and infrastructures, including traffic, household gas and pollution treatment projects. Last year saw a further increase in investments in these fields.

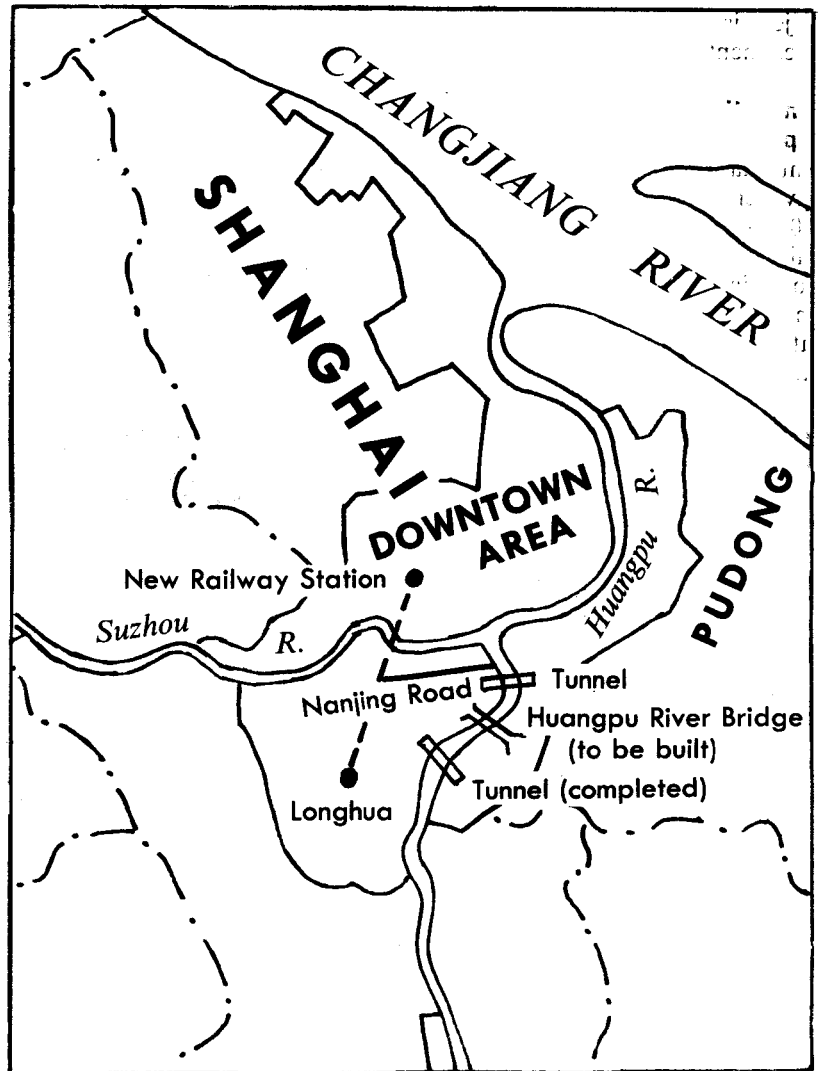
The State Council recently gave its endorsement to Shanghai to raise funds abroad for urban construction and enterprise modernization. The income earned as a result of technical improvements goes towards repaying loans and is tax-free before the loans are paid off.

### Five Major Projects

To realize its overall development programme, Shanghai decided to pour foreign funds, first of all, into the construction of five large infrastructural projects. They are:

**The downtown waste water treatment project.** The Suzhou River, a tributary of the Huangpu River running through downtown Shanghai, is the city's biggest pollution problem. It smelled long before the city was liberated in 1949.

The proposed programme involves treating the waste water spewed out from the factories and residential quarters in the 72-square-kilometre area around the Suzhou River and then diverting the treated water through an underground drainage system to the mouth of the Changjiang (Yangtze) River. According to expectations, this would clear up the Suzhou River after the completion of the first stage of construction. The second stage of



the construction aims to purify all the city's waste water. The first stage, which requires an estimated investment of 1.62 billion yuan, is partly funded by loans from the World Bank. Construction will be by international tender.

**The subway.** To alleviate traffic congestion, the city government plans to build seven underground railway lines to cover a total distance of 176 kilometres by 1995. The first 14.4-kilometre line from the new Longhua Airport to the new Shanghai Railway Station is already under construction. Requiring a total investment of 3

billion yuan, the railway with two 5.5-metre-wide tunnels will be able to handle 600,000 to 1 million passengers a day. The subway station stands alongside the new Shanghai Railway Station.

**The Huangpu River Bridge.** As well as building four tunnels under the Huangpu River (one has already been completed), the city has, after years of conducting feasibility studies, finally decided to span the river with two bridges. The first, 2,862 metres long and 30 metres wide, will be able to take a daily traffic flow of 40,000 to 50,000 cars and trucks. This

project is expected to require an investment of 920 million yuan.

**Renovation of the Hongqiao Airport.** To cater for the continually growing number of travellers, the city plans to invest 250 million yuan in constructing a waiting hall and a new runway at Hongqiao Airport. The project, when completed, will accommodate an extra 1,200 passengers each day.

**Programme-controlled tele-phones.** The city plans to import a 300,000-channel programme-controlled telephone device to remodel its telephone facilities.



A new residential quarter in Shanghai.

XU XIANGJUN

## Revamping and Growth

Shanghai is now under pressure from two sides—renovation of the old districts and construction of new ones on the city's outskirts. In the past few years, the city has focused on the construction of residential buildings, telecommunication facilities, and public and municipal projects. A total of 2.848 billion yuan was invested in these three areas during the 5th Five-Year Plan period (1976-80). During the 6th Five-Year Plan period from 1981 to 1985, some 3.41 billion yuan went to housing, 1.34 billion yuan to telecommunications and 1.946 billion yuan to public and city works. In the current 7th Five-Year Plan period (1986-90), the growth rate of investments in housing is expected to slow down but investment in the other two areas will increase considerably.

**Housing.** Before liberation, Shanghai's houses took up an area of 23 million square metres. From 1950 to 1980, new housing construction was carried out over 23.13 million square metres, an area equivalent to that covered by old Shanghai (most of the houses

were built to replace dilapidated ones in the old districts and others were built in newly opened districts). Between 1981 and 1986, another 25.16 million square metres of housing went up. The city has staked out 48 new residential and 23 downtown areas for the construction of 40-million-square-metres of new houses in the near future. However, this project is meeting with delays caused by funding shortages. The old practice of relying on state allocations and distributing houses among residents for only minimal rent (3 percent of an average family's expenditure) meant construction was carried out at a loss.

The old southern district is the most crowded area of Shanghai. It is common for three generations to share the same room. Chen Yewei, deputy head of the district, said: "The only way to overcome housing shortages is to commercialize housing and encourage people to see housing as their primary need." Shanghai plans to begin housing reforms soon.

The district government has decided to replace the most dilapidated houses with 4-storey apartment buildings. One 40-

square-metre suite with two bedrooms and one sitting room will be sold for 8,000 yuan, about one quarter the normal price for a similar house sold commercially. Inexpensive as this seems, the suite is well furnished for an average family.

"I have lived here for 36 years," said Liu Guichan, 58, a retired worker. "My 8-member family of three generations lives in a 15.4-square-metre room with an attic. We are hoping for some improvement. We'd rather buy an apartment than wait in the long queue for distribution. The price is acceptable at the moment."

**Environmental protection.** Soon after the state promulgated the environmental protection law, the Shanghai city government started treating industrial waste. The city stipulates that any new factory must be fitted with pollution control facilities, and that any enterprise producing wastes in excess of the state standards must find some acceptable means to dispose of them within a given period or be closed down and moved to another site. Progress in this area has been smooth.

Liu Yuanjiao, an official





Traffic hold-up in the Bund area in Shanghai.

HAN BAOCHENG

A sample study in 1986 showed that dust fallen over every square kilometre each month was reduced greatly, but still far below the state standards.

#### **Municipal and public facilities.**

In the past five years, the city's investment in municipal projects has increased at an annual rate of 63.5 percent. Most of the extra money has been spent on roads. In the downtown areas, more than 20 main roads were extended and 117 kilometres of road repaired. The 5.7-kilometre-long highway from the Hongqiao Airport to the city centre has been widened to 40 metres.

The city has also witnessed the construction of 196 bridges, seven of which are overpasses and more than 20 are overhead pedestrian crossings in high traffic areas.

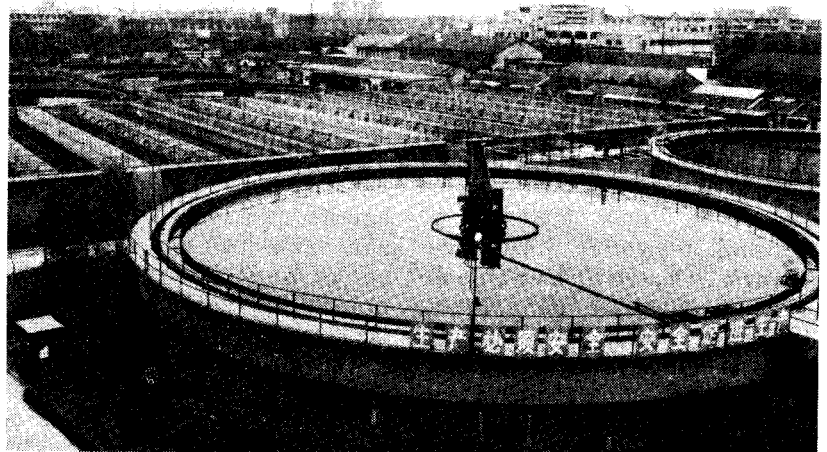
However, traffic jams remain a big headache for Shanghai. By the end of 1986 Shanghai proper had a total of 5,505 public buses and nearly 10,000 taxis on 331 routes serving 7.1 million residents and 1.8 million visitors every day. The passenger flow in 1986 was 21 times that in 1949. Traffic congestion will be somewhat alleviated only with the completion of the subway.

responsible for environmental protection, said that metallic waste pollution in the Huangpu River has been brought under control. But organic pollutants pose a more difficult problem. At present, the work focuses on water quality protection in the upper reaches of the river. The water in the lower reaches will see improvement when the downtown waste water treatment plant is completed.

Air pollution is a harder nut to crack as it involves refining the coal, a major fuel in Shanghai. In recent years, measures have been taken to minimize dust in the air.

#### **The Quyang Waste Water Treatment Plant in Shanghai.**

XU XIANGJUN



## Exchange/Co-operation

Shanghai lays great store by foreign experience and co-operation in urban construction. Many experts and scholars have been invited from the United States, Japan, France, Australia and other countries to provide technical assistance and discuss urban construction.

Chinese and Japanese experts teamed up to conduct feasibility studies for the subway projects. Chinese and American specialists are working together on Shanghai's traffic development programme. To find ways of renovating Shanghai's dilapidated houses, the Shanghai Housing Management and Scientific Research Institute has, in co-operation with the French Academy of Architecture, staked out a residential area of 9 hectares on the Huaihai Road as a pilot area for renovation. The French side will offer technical consultation services and provide materials for the renovation.

Australian experts offered assistance with feasibility studies on the waste water treatment pro-



The Zhaojiabang Road.

XU XIANGJUN

jects. Chinese and Japanese experts co-operated in investigating 5,000 factories as part of the air pollution treatment pro-

gramme planned for the end of this century. Chinese and American experts are studying ways of treating city refuse. They plan to build a multi-function refuse treatment plant capable of handling 1,000 tons a day, and a refuse collection and transportation system. In addition, Chinese and Federal German experts are working on the treatment of toxic industrial wastes and the silt from waste water treatment plants.

To open up more financial channels, Shanghai, learning from the experience of Hong Kong and many other countries, plans to grant land-use rights in the promising Pudong District. This programme has been approved by the State Council. In line with established international practice, the lessee will be able to build factories, shops, cultural facilities and apartment buildings in the

People waiting for a ferry to cross the Huangpu River.

HAN BAOCHENG



district during the period of the lease which is usually 20 to 50 years. The Chinese government, as the owner of the land, will collect taxes according to law.

Yang Mou, a senior engineer of the Shanghai City Planning Bureau, said: "Our aim is to develop Shanghai into one of the largest economic and trade centres on the western Pacific coastline. In city construction, a proportional distribution and unified develop-

ment programme should be stressed." The focus of development in the future, he added, will be the Pudong area so that some pressure will be taken off the old district. The Nanjing Road, downtown Shanghai's busiest shopping centre, should be extended to the Lujiazui area on the opposite side of the river. The Bund area, the long-established financial centre with more than 100 banks, should be restored to

its past glory. But the main focus of the activity will gradually move to the Shiliupu area south of the Jinling Road East.

Looking to the future of Shanghai, Rui Xingwen, former secretary of the Shanghai municipal Party committee and now secretary of the Secretariat of the Party Central Committee, said: "I think the line to take is to speed up reform and open wider to the outside world." ■

## The Collapse of a Joint Venture

**The number of foreign-funded enterprises in China has reached 9,300. Most of these enterprises have been functioning successfully. A handful have faltered. This report focuses on one such casualty, whose road to ruin has aroused concern.**

by Our Correspondent Yao Jianguo

**T**he Lanzhou Xinglong International Enterprise Co. was established two years ago with a registered capital of US\$1.068 million by the Lanzhou Longxing Industrial Development Co. and the Kingswood Enterprise Co. of Hong Kong. It was to produce and market nylon zips. The contract envisaged a ten-year co-operation period.

Just two years later, the joint venture is closed, the majority of its 180 workers are unemployed, its buildings have been sold and a seven-member liquidation committee is overseeing its entire disappearance.

Tao Lichao, 57, became general manager of the enterprise a year ago, when the company was already floundering, but still seems devastated by the company's collapse. Tao attributes the failure of the joint venture to bad feasibility studies

before and mistaken management after the company went into operation. However, some suspect more nefarious reasons.

### Bad Market Forecasts

Gansu Province, of which Lanzhou is the capital, is in the northwestern hinterland of China. It opened up later than the country's eastern areas and has little access to modern market research. The first feasibility study commissioned by the joint venture was by Kingswood, the Hong Kong side. According to it, China's domestic demand for nylon zips was huge, estimated to reach 90 million metres in 1985 and 350 million metres by 1990, which boded well for the joint venture. In addition, Kingswood's analysis predicted recouping all the investment in six months.

At the time, Longxing, the Lanzhou partner, merely doubted the short time-frame expected for the recovery of the investment. Longxing conducted its own survey and concluded the investment might be recovered in a year. In October 1984, the contract was signed. It stipulated that the joint venture would import equipment in two stages to bring up the joint venture's production capacity to 15 million metres of nylon zips a year.

When the partners applied for registration, the Gansu Provincial Administration for Industry and Commerce queried the feasibility report and warned of market changes and possible risks. The general optimism in Xinglong caused the partners to take these warnings lightly. Ma Zhongliang, vice chairman of the joint venture's board of directors, admits this was bad judgement.



## Bad Crisis Management

To try and secure recovery of the investment before the market changed, the joint venture proceeded with an emphasis on speed. Four months after the signing of the contract, the Chinese side had put up 2,000 square metres of factory buildings and Kingswood provided the necessary equipment. The joint venture went into trial production in little more than six months.

But meanwhile, and unexpectedly, many factories began producing nylon zips all over China. In 1983, there were only 11 such factories in China. By 1985, the number was up to 105, of which more than 20 were Sino-foreign joint ventures, and the aggregate production capacity increased 11 fold. Moreover, large quantities of foreign-made nylon zips were pouring into China uncontrolled. Xinglong was being suffocated by its own zips.

It reduced production to survive. The result was disastrous. From May 1985 when the company was put into trial production to July 1987 when it was closed down, it turned out in total 1 million metres of nylon zips and earned 777,000 yuan from their sale, which when balanced with various costs meant a loss of about 1.09 million yuan, roughly equivalent to one-third of the first instalment of the investment. The monotonous single-product manufacturing and the lack of competitiveness made the partners lose confidence. A decision was made at the fifth meeting of the company's board of directors to terminate the contract.

## Reneging on Agreements

Vice Chairman of the Board Ma Zhongliang said that for a new joint venture losses at the

beginning are commonplace. So long as the Chinese and foreign partners co-operate closely and shoulder the risks together, it is often possible to turn the company around. Regrettably, the Hong Kong side did not take part in the management of the venture. In Ma's opinion, the Hong Kong investor erred.

It refused to plough in more investment. According to stipulations of the contract, Kingswood would be responsible for raising 30 percent of all the investment needed. At the time of payment of the first instalment, the Hong Kong side did not pay up in full. When the joint venture began to falter, Longxing, on four occasions, proposed to Kingswood to increase the original investment to bring in equipment for turning out new products. Kingswood refused, saying the market had changed. As a result, by the time the company was closed down, the Hong Kong side had only put in 20.7 percent of the total investment, which is less than the 25 percent minimum stipulated for foreign joint venture partners in the Law Governing Sino-Foreign Joint Ventures, and less than the 30 percent stipulated in the contract.

Kingswood also refused to upgrade the equipment. Despite fierce market competition for nylon zips, there was a ready market for sliding tabs (the little device which opens and closes zips). So Longxing proposed increasing output of the sliding tabs. Kingswood refused to provide the needed cast stipulated in the contract.

According to Gansu provincial departments, some of the equipment provided by Kingswood was out of date. The cast which produces the sliding tabs in particular not only had lower output than stipulated in the contract but was also dangerous. Even after Kingswood sent three

groups of technicians to attend to the mechanical problems, the equipment still could not yield the required output. Longxing demanded that Kingswood change the cast at several meetings of the joint venture's board of directors. Their demand was not heeded. So a chance was lost.

Kingswood also took no responsibility for marketing the products abroad. According to the agreement, the Hong Kong side was responsible for selling 30 percent of the joint venture's output. In fact, it did not sell a single metre of the zips for two years.

The joint venture's contract also included clauses saying the Hong Kong side would be responsible for providing up-to-date technological materials for the zip production and train the venture's technicians and workers. None of this was done.

This correspondent tried contacting Kingswood's representative in Lanzhou, but could not reach him. Sources in the joint venture say that just when the joint venture went into operation and things began to look shaky, Kingswood set up another two zip-making joint ventures—one in Xining, Qinghai Province, less than 200 km from Lanzhou, and the other in Sichuan, each with an annual production capacity of 4 million metres. This raises questions about Kingswood's motivations. It seemed they were just looking to dump their equipment and raw materials.

Zhang Hanwen, an official from the provincial Commission of Foreign Economic Relations and Trade, says that opening to the world is China's state policy. Overseas investors are welcome to set up factories in the country and their legitimate rights and interests will be protected. However, he condemns companies which seek to profit from their partners' losses. ■

# Lonely Heart Stirs the Nation

by Zhang Wanhua

**A** lonely-hearts ad in Shanghai's *Xinmin Wanbao* (Shanghai Evening News) last May read: "Man, 34, factory director of a township enterprise in Ningbo area, annual income over 10,000 yuan, has a 400-square-metre house in Ningbo and a 60-square-metre private flat with kitchen and toilet in Shanghai. Divorced, no family. Seeking a Shanghai woman, 24 to 30, for marriage. Must be enterprising, sociable, beautiful and kind, be able to act as secretary, and have at least a senior middle school education."

A notice of over 100 Chinese characters is not expected to attract many readers. However, the paper received 400 letters in reply to this notice in the first three days. The respondents included teachers, doctors, cadres, technicians, actresses, workers, soldiers, self-employed women, and even middle school students. There were as many as 58 respondents with a college education. Ten were students of technical secondary schools. Their average age was 25.7.

Curious about the motivations of these women, we asked the students themselves. One of them met the man in a park. She went accompanied by her aunt. She was beautiful, dressed fashionably and had a vivacious, confident manner. She said: "I graduated from the TV university last year in economic management. I work in a factory office. You ask me why I answered the notice, I can tell you frankly. Liquidity was a serious factor in the attraction. But the point is that I love a man who ventures and gains in his career. I want to be part of that." Her aunt chipped in: "People of my father's generation were all entrepreneurs in Shanghai in the

30s and 40s. However, university students like her who want to accomplish something are handicapped by lack of opportunities. Therefore, when I read the notice, I encouraged her to respond to it." Then the girl took the initiative and asked the man a series of questions, such as what is your product mix? what is your management style like? what new ideas do you have? and what kind of books do you like to read? The man answered in Ningbo accented Mandarin, sweating profusely. Each side was weighing up the other, making up their minds.

On another evening, we received woman B in a hotel lounge. B is 26 years old with round eyes and dimples, but she has a brisk air. She said, "I am the secretary of my factory's General Youth League Branch and I am taking a university course at evening

school. I am unwilling to live insipidly and I love to take risks.

"On the weekends and holidays, I go to see places of interest which are not open to the public. Once I almost fell down a cliff. The deeds of the Changjiang (Yangtze) and Huanghe (Yellow) river canoeing heroes inspired me. I really admire them. It is a pity that I am a girl. I read the notice by chance? A peasant entrepreneur who dares to look for a partner in Shanghai is taking a risk himself. He could be what I am looking for."

Then our man asked: "Have you considered the fact that I am a divorcee?" Woman B replied: "I want to experience being a stepmother. I own the house, but I'm still paying it off. For us to make an effort together and return the money is greater than to sit idle, enjoying the fruits of other's labour."

Woman C's large eyes showed a mood of dull melancholy. There were dark rings around her eyes. She said: "I hate to tell lies. I feel that fate has been cruel to me. Although I am an ordinary worker

---

## Urban Women's Changing Priorities

Early in the 80s, a popular rhyme proclaimed that "girls prefer men with overseas relatives, or with parents who were wronged during various political movements and were rehabilitated and received back pay, or with empty housing." In other words, men who had relatives and friends abroad, and no relatives or burdensome family commitments at home were considered ideal partners. This would allow the woman to quickly establish a cosy nest for herself.

Immediately after that, knowledge and career prospects rated highly, and the criteria of those brave girls who set out to choose partners altered subtly. The social status of university graduates, engineers and researchers rose precipitately.

As the commodity economy flourished, by the mid-1980s some people had become rich. Criteria for ideal husbands changed again. Ideal partners are now:

- young, enterprising factory directors and managers;
- whose ability is more important than the wealth of their parents since knowledge means money and ability can be turned into wealth;
- who have open-minded mothers.

working three shifts, I have studied home-based courses for three years and completed 12 out of the 14 courses. I gave up my leisure and spend all my time reading books while everyone else is out drinking coffee. Other units did invite me to work with them, but my factory director did not release me. I will soon receive my degree, but the "certificate craze" has gone. A government directive states that university graduates can become cadres as well as workers. I am disheartened and feel I have done my utmost and am tired out. It seems all my effort may well come to nothing. So I answered the notice. It might be my chance for a new life." She laughed, a little embarrassed. In her laughter there was bitterness and distress.

The arrival of woman D raised our lonely-hearts fever to a new height. One day our man suddenly received a telegram, "Wait for me at the Shanghai Cafe at 7 pm on the 14th." There was no signature or address. The postman said it was the first time he delivered a telegram sent within Shanghai. While the office puzzled over this message, our man received a letter saying: "I would like very much to meet the factory director himself. Please ask him to bring a newspaper of that day and look for a girl with a bunch of flowers." Again there was no address or name on the letter. The affair had a touch of the days of the Party underground. It gave the assignation an air of mystery.

Just after seven o'clock, a woman with flowers walked hesitantly into the cafe. She was lightly made up, her clothes, shoes, stockings, handbag and the ribbon in her hair were all yellow, and glittering in the setting sun. After she sat down, she spoke intensely and with assurance: "I am a university student studying mechanical engineering and will graduate this year. I am very

interested in public relations. I have read all the books on the subject. If you are looking for a partner who is sociable and can do secretarial work, I don't think you'll find anyone to match me." Our man asked: "What else are you good at?" Woman D replied: "I can speak English and Japanese. I can type, dance, play bridge and I write with a good hand. I write in an easy and fluent style. Oh yes, I can also drink. Is that all right?"

"What was that telegram business?" the man asked.

"I thought you held all the cards, and there would be many girls wanting to meet you. So I tried to work out a way of gaining some advantage myself, and hit on this idea. In fact I was testing out my own style. Thank you for giving me a chance to practise." Her courage and style certainly succeeded in impressing.

These are only four of the 58 university respondents. They give us some idea of who they are, and how the choice of partner has changed among such women.

While it is indisputable that the wealth was what attracted many, it is worth noting that the students who answered were not intending to rest content with the good life and sit back to enjoy the fruits of other people's work. They were not willing to be an appendage of their husband. They wanted to participate in the creation and development of something, and to apply their skills and initiative to their husbands' undertakings. Even the woman worker who spoke of being so tired and disillusioned tried to open a road to a new life.

Our man was a typical peasant who suddenly took up business and now had enormous wealth. He depends neither on the official position of his parents, nor on anyone's favours. His success rests on his ability. This is part of his

glamour. The university students agreed that entrepreneurs are more attractive than "bookworms".

It would have been unimaginable in the past for a country man who was divorced and had two children to find favour in the eyes of a university student. But the ideas of university graduates have changed. They see a divorce as insignificant. Shakespeare once said that those who have divorced will understand true love. One student said simply, "It is only because of his divorce that I have a chance of being chosen as his partner. What with his income, and the fact that the divorce settlement has been sorted out, it is not a problem."

Our man only has a primary school education, a world away from his university respondents. They are interested in him because he proved himself through his achievements. His success shows that he is eager to learn. In wanting a wife whose "cultural level" is higher than his, he was hoping they could learn together and help each other. He has no macho sense of male superiority and this shows that he is a real man—one who is full of confidence.

Meanwhile, the object of all this educated attention said, "A country man like me who comes to Shanghai to find a partner must have courage. And on top of that, I'm looking for someone with an education. But I am sure that I can find a Shanghai girl who will make me happy. Receiving so many letters suggests I am not wrong to try. As for the university students, even if we can't make friends, we have the chance to talk and really communicate. They encouraged me and offered me their advice. I am moved."

Our man has found a partner, and they are now head over heels in love. ■



Apsaras painted, Northern Zhou Dynasty (557-581).

REPORT ON DUNHUANG (1)

## A Grotto Treasure House

*This is the first in a series of articles on the 1,600-year-old Dunhuang Buddhist grottoes, their history, present appearance and the research being done into them — Ed.*

by Our Correspondent Ling Yang

The world's largest, best-preserved treasure house of Buddhist art is in the northwestern part of China, in Dunhuang, Gansu Province, which was an important city on the "Silk Road." It is now a major centre for studying China's society, culture and international exchanges in the Middle Ages.

The Mogao Grottoes in Dunhuang house many murals and statues going right from the fourth century through the next one thousand years, a unique place in China. "The work here is of very high artistic value and embodies the styles of different ages, reflecting the progress of China's art history," say two art historians who were here last September to take part in the first international forum on grotto archaeology and art.

The caves of the Mogao Grottoes riddle the 1,600-metre-

long stone cliff like a honey comb.

Recently changes have taken place in these grottoes—every cave now has an aluminium alloy door equipped with double spring locks. Large plates of organic glass stand like screens in front of some of the murals and statues. The guide says that although these caves are located in remote desert, still an average of one thousand people come to visit them every day. The effects of this influx in recent years have been more damaging than the natural erosion of centuries, and the glass screens were erected two years ago with a donation of HK\$10 million from Shao Yifu of Hong Kong.

In two whole days of visiting cave after cave, I only saw one-tenth of the 492 grottoes.

There are paintings on the walls, corridors, niches and even ceilings of every grotto. There are also some statues. Although many

centuries have passed, the colours of the murals and statues are still clear. The colours of the top layer of some early murals have faded, underneath the reddish brown and black lines are easily visible. These works have the charm of free, bold use of line and colour.

### Mural Paintings

I was very impressed by the painting of Sattva feeding himself to a tigress in Grotto No. 254. The guide explained the story of the big wall to visitors: While three princes are playing on a mountain, they see under the cliff a starving tigress about to eat her own cubs for she has nothing to feed them with. The kind-hearted Prince Sattva sends his two older brothers off on some errand, strips naked and lies in front of the



"Deer of Nine Colours," Northern Wei Dynasty (386-534).

imaginings of their ideal world.

Other murals depict historical events, such as the ruler of the local Tubo people (ancient Tibetans) in the ninth century listening to a preacher, and the rebel army led by a local leader Zhang Yichao marching against the domination of another ethnic group.

I chose to concentrate on the depiction of Apsaras. These are regarded by many as one of the best artistic images in Dunhuang. It is said that these pretty fairies

tigress. But the tigress is too weak to eat. Sattva climbs back up the mountain, slits his throat and throws himself off the cliff. The tigress laps the blood and thus revived finds the strength to eat the body. When the two older brothers come, they find only the skeleton. Their parents bring back the bones and enshrine them in a stupa to be worshipped. The prince is Sakyamuni—the founder of Buddhism—in a former incarnation.

The story is depicted on the one wall very cleverly. The scenes of different time and space are not arranged sequentially, vertically or horizontally which can be easily analysed, and yet the seeming haphazardness does make sense. After the painting which shows Prince Sattva feeding himself to the tigress and leaving a skeleton, comes the scene of the parents crying over the prince while holding his whole body. The scene is filled with a tragic solemn atmosphere. I cannot but admire the artistic imagination and skills of a millennium ago.

It is said that the total mural space in Dunhuang is over 45,000 square metres. If linked together, the paintings would extend across 30 kilometres. The grottoes tell stories from Buddhist sutras, of various Buddhist ceremonies and many sages and their retinues. There are paintings on the "pure land of the West," how demons are subdued and symbolic pictures of 500 bandits becoming Buddhas, reflecting the ancient people's rich

A statue of Sakyamuni, Tang Dynasty (618-907).





flying in the sky with their long skirts and sashes trailing behind them appear when the Buddha is born, becomes a monk, preaches and dies. They appear either as retinue or guardians, scattering flowers or playing music as a show of respect to the Buddha. The images of Apsaras in the early stages in the fourth century are less sophisticated and heavier, and they seem to move slowly. After the sixth century the Apsaras are streamlined and they give off the

feeling of graceful flight. It is said that there are 4,500 different images of Apsaras in the Dunhuang grottoes.

### Sculptures

In Grotto No.328, I could not but be amazed by the skill of our ancient artists in modelling a particular group of statues set in a niche. It is said to be a good

example of sculpture during the height of the Tang Dynasty (618-907). The group of statues are often worshipped as the most representative images in the Buddhist world, so they are seen in many of the Dunhuang grottoes. In this group, Sakyamuni sits in the middle of the niche, solemn and peaceful, with his bright kasaya closely fitted to his body. His eyes look slightly downward, his lips seem to move, preaching Buddhist philosophy. On his left stands his most faithful disciple Kasyapa whose wrinkled, weather-beaten face and closed lips cannot hide his pleasure at being in his position. On the Buddha's right stands another disciple, Ananda, whose pretty, smiling face shows a care-free attitude in contrast to Kasyapa. Two Bodhisattvas sit on lotus platforms by the two disciples, with one leg hanging down and the other up, with the foot resting on the opposite knee. Their plump, smooth faces, slender fingers, graceful shyness tell of feminine gentleness. Beneath their lotus platforms kneel two other religious images (it is a pity that only one is left there, the other is abroad). They are carved simply with heads slightly upturned, in bold and vigorous style. They are clothed in colourful, compactly designed skirts.

Each of the 2,400 colour statues in the Mogao Grottoes has its own characteristics. The grottoes are accepted as China's largest, most systematic and most valuable collection of sculpture. The image of Sakyamuni in his Nirvana in Grotto No.158 leaves its visitors with an unforgettable impression. He lies dignified and peaceful on his right side, with right elbow and hand under his head. He has a reddish plump face, half closed eyes and he is smiling. There are many mourners on the mural behind him. Some are crying; some are desperate and scared; some are so amazed that they do not know how to act; some seem to be denying the whole thing . . . . In front of this magnificent dramatic

Head of a reclining Buddha, Tang Dynasty.



scene, the great philosopher looks especially magnanimous and free of regret. The painter's depiction of Sakyamuni's calm and confident pose, I think, is the acme of perfection. Wandering in front of this 15.8-metre-long statue, I enjoyed the art from different angles and different distances. I could not believe that this was a death-bed picture of a man in his 80s, it looked more like a sleeping beauty who was dreaming of her sweet memories. Our ancient artists often feminized the Buddha, by giving him a thin, georgette-like kasaya to show the quiet full-figured body, to present elegance in a holy atmosphere.

Another example is the 26-metre-high sitting Buddha carved on the side of Grotto No. 130 which covers only 10 square metres. Buddha's right hand rests on his knee and his left hand is raised upward. Looking from the bottom of the cave, one can see the Buddha's face very clearly, kind yet solemn. When my eyes met his, I got a sense of his mystery, greatness and willingness to grant whatever is requested. When I was climbing on the top level of the passage dug on the cliff leading to the cave, I could see the upper part of the statue from the side. His face was not so plump as I had seen it from the bottom of the grotto. The lines of the eyebrows, eye sockets, bridge of the nose, the lips and ears' shapes all became deeper and rougher. The fingers seemed too long and their proportion to the palm not as correct as they seemed from a distance. I imagine that when the artisans carved the statue, they intended it to be that way, working for a distant perspective while close at hand. I could not but admire their superb skills.

## Architecture

The architecture of the grottoes is no less important than the art inside. From far outside one can see several wooden eaves stretching out of the grottoes. Built in the

tenth century, they are China's oldest wooden structures still extant.

The structures inside these grottoes clearly reflect foreign influence mixed with the style of central China. They are gems of China's building art.

## Humiliation and Glory

Grotto No. 17, one of the Mogao Grottoes, is also known as the "Scriptures' Vault." It is a rather small cave about one metre above the ground. Originally, the entrance to the cave was sealed, and disguised by murals painted on the outer wall. In 1900, a monk wandering there discovered it by accident. Inside he found treasure stored there by monks about one thousand years before for safe keeping. The hoard included ancient hand-copied Buddhist books and sutras, manuscripts, vernacular literary works, secular decorative art works on silk, Confucian and Taoist classics, geographical notes, contracts, letters, bills and other documents. It was estimated that the total number of items was 40,000.

The materials document the religion, history, literature, art and the people's life of China's ancient feudal society. Their discovery excited the world, and was regarded as important in the study of human civilization and Chinese art history.

By the time of the discovery, China was in the darkest stages of its last feudal dynasty, the Qing. Foreign explorers and imperialists came to China in their droves, and took away Dunhuang treasures.

In 1905, the Russian, V. A. Obruchev, exchanged six boxes of household goods for two bundles of manuscripts and some silk paintings. Nine years later his compatriot, S. F. Oldenburg, took many handcopied books in Chinese and Huihu (ancient Uygur), numerous colour statues and silk paintings. He drew a sketch map of 443 grottoes and

took more than 2,000 photographs.

After 1907, Aurel Stein, a Hungarian from Great Britain, went to Dunhuang several times. He carted away over 30 cases of relics, including over 150 embroidered silk pieces, some 500 paintings, and nearly 10,000 hand-copied or printed books and sutras.

The French Paul Pelliot went there in 1908. He knew Chinese and chose 6,000 books and sutra manuscripts which Stein had ignored but which were more valuable, and took several hundred photographs of important murals. Some of these murals were damaged later by White Russian troops who fled there.

Japanese and Germans came too. Langdon Warner, an American, came in 1924. He used glue to peel away 26 exquisite murals, which covered an area of three square metres. He also took away a couple of the best statues of the Tang Dynasty period.

Today, all that stolen treasure (two-thirds of the total discovered) is stored in the British Museum, the French national museums, and archives and museums in the USSR, India and the United States.

The other 8,600 incomplete hand-copied sutras and other relics are kept in the National Library of China in Beijing.

For decades the sutras, documents and relics from the Mogao Grottoes have been the focus of attention and interest all over the world. Hence the emergence of a branch of science — Dunhuangology. Scientists from more than 20 countries are studying it. In China where Dunhuangology originates, its study has extended in recent years.

The Dunhuang Research Institute located by the grottoes is home to dozens of Dunhuang experts. The institute has become a powerful centre of academic excellence and thus earned the right to sponsor the 1987 international forum on grotto archaeology and art. ■

## Women Should Participate in Politics

**"ZHONGGUO FUNU BAO"**

(Chinese Women's News)

**A**lthough men and women in China's urban areas share similar views and have an equal capacity to handle their own affairs, their attitudes vary with regard to participation in public and political activities, and to enterprising initiative. According to a recent survey of 4,483 city dwellers, 2,049 of whom were women, Chinese women seem to have fewer aspirations than men.

Question No. 1: If your neighbour inconveniences you and other neighbours by building a house on a public road, what will you do?

The percentage of male respondents who answered that they would simply stand by without voicing an opinion was 19.9, compared to 27.2 percent of the women surveyed.

Question No. 2: The local government issues a policy directly concerning people's daily life which you strongly object to. What will you do about it?

The survey results indicated that 60.1 percent of women respondents and 51.3 percent of men would discuss the issue only with their family members and friends; 11.4 percent of women said that they would remain silent. Of those who claimed they would do their best to let the government know their opinions, 33.3 percent were men and 26.8 percent were women.

The number of women who registered uncertainty about the country's future political situation was higher than that of men (43.5 percent of women and 33.3 percent of men).

Respondents were also asked to select which of the following alternatives they considered the most important: "a stable life," "a large amount of money," "a

happy family," "being respected," "being trusted" or "being able to fulfil one's talent."

The survey indicated that the proportions of men and women with desire for "a great deal of money" or "a stable life" were about the same; a higher percentage of women than men opted for "a happy family," "being respected" and "being trusted." Most women surveyed seemed to value "a happy family" as the most important thing in their lives. Most men, on the other hand, chose "talent fulfilment."

When asked to choose between a job offering a high income and the opportunity to gain social status, but requiring hard work

and with the risk of unemployment, or the converse—59.8 percent of the male respondents and 46 percent of the women selected the first response.

During the process of reform, some experts said, the Chinese people will face more economic risks. More and more people are becoming less conservative as far as their jobs are concerned. But, women, especially those who have less enterprising initiative and are more fond of home life are likely to be exposed to more challenges. Their attitudes deserve close attention and their capacity to endure radical changes needs to be improved. In addition, we should speed up the construction of socialist democracy through overall reform to encourage Chinese women to actively participate in public and political activities.

(December 7, 1987)

## Young Managers in Rural Areas

**"RENCAI TIANDI"**

(Field for Talents)

**W**ith the deepening of the reform in China's rural areas, more and more young people have become managers in family, village and township-run enterprises.

Compared with their parents, the young people have much more to offer. They have a higher level of education, broader viewpoints and less conservative ideas, and they are very ready to adapt. They have become the main force in the development of the rural commodity economy. According to statistics, half of the directors (managers) in village and township-run enterprises in Changde County, Hunan Province are under 35.

—Bold and resolute, young managers have made changes in business methods and the means of small production which pro-

mote the transition of small-scale peasant economies into commodity economies.

—Young managers are willing to promote advanced science and technology in rural areas. When young farmers become managers, they give full play to their acquired knowledge and their capacity to accept innovation to adopt advanced productive technology and develop diversified production.

—Young managers have removed many obstacles to reform. The main changes are: 1. The small-scale peasant economy's view of agriculture as superior to commerce has given way to an appreciation of the benefits of a commodity economy. 2. Conservative ideas have been replaced by an adventurous, trail-blazing approach which encourages competition. 3. The traditional notion that young people shouldn't manage family affairs has been done away with and the independence of the young has

been strengthened.

—With young people at the head of their families the progress of farmers towards prosperity has been quickened. Their attention to the gathering and utilization of market information and to the rational distribution of labour has already resulted in a rapid rise in family incomes.

—Young managers also help improve the ideological, cultural and technological quality of the lives of rural youth. Their increased responsibility and important mission will spur them on to diligently study science, culture, technology and management.

*(Issue No. 11, 1987)*

## 'Red Capitalists' In China

**"ZHONGGUO XINWEN"**

(Chinese News)

**F**our years ago, Wang Hongde was just an ordinary technician in the Chinese Academy of Sciences which employs tens of thousands of engineers and technicians. Now, he is leading an industrial, commercial group which has a total sales figure of 120 million yuan a year.

In 1983, computers hit China, encouraging many departments, enterprises and organizations to install this modern device. Seizing his opportunity, Wang Hongde resigned from his public employment and, with several friends started up a business providing computer installation services.

The Jinghai Group, headed by Wang Hongde, now has 24 subsidiaries across the country and more than 1,200 employees. It also runs a restaurant and a light music troupe.

With the rise of economic reform, a large number of entrepreneurs like Wang Hongde have emerged. Some people call them "red capitalists," but Wang is not offended by this. "My management adheres to the

effective norms of market economies in developed countries," Wang said. He considers his group's business as responsible for meeting market demand and sees the chairman of the board's decision as final.

Wang Hongde advocates the principles of better troops, simpler administration and much pay for much work. He encourages one person to do the work of three and draw three people's salaries.

Last May, the Chinese Scientific and Technological Entrepreneurs Association was established. Of about 10,000 members, the overwhelming majority are Party members. They all look to market demand as their standard.

Compared to Wang Hongde, Wan Runnan, vice-chairman of the association in charge of day-to-day business affairs and chief manager of the Beijing Stone Group, seems to be rather cautious and a little hesitant about the term red capitalist.

The Stone Group is widely known as the Chinese IBM. Since its founding, total sales have shown an average annual increase of 300 percent. Wan sums up his management policy: "I buy a product for 2 yuan and sell it for 5 yuan after adding my technology."

In a sense, 41-year-old Wan is more like a scholar. He vests his troops with a great deal of power. So when he has some spare time he likes to spend it reading books. As for the title "red capitalist," he said, if the red means fair and reasonable and "capitalist" refers to efficiency, he would be happy to receive the title of "red capitalist."

A short time ago, Wan Runnan attended the Sixth Congress of the Beijing Municipal Party Committee. The Party and the government have shown a willingness to accept this new breed of entrepreneurs and their enterprises.

*(December 24, 1987)*

## 17 Billion Yuan — Joy or Worry

**"ZHONGGUO QINGNIAN BAO"**

(Chinese Youth News)

**C**hina's tobacco industry plans to hand over 17 billion yuan of taxes to the state in 1988, making it the country's leading industry in terms of tax payments.

While this at first seems worthy of praise, one wonders whether the departments concerned will investigate and release the disturbing information and figures on the problems that are bound to follow a rapid rise in the tobacco industry. For instance:

**Losses Caused by Fire.** Every year, fires claim enormous losses, injuries and deaths. According to statistics, about 60 percent of fires are related to smoking.

**Tobacco-Growing Land.** Comparatively speaking, China is poor in cultivated land. The amount of land per capita comes to only one-third of the world average. Every year China must spend foreign exchange to import grain, and the development of other crop industries is also influenced by limited land availability. How much cultivated land should tobacco crops take up under these circumstances? How much would the state benefit if other crops were grown in these fields?

**Costs in Public Health Services.** Smoking can lead to many kinds of disease. Medical experts believe that 70 percent of lung cancer cases are related to smoking. How much money will the state spend on treatment for lung cancer and other smoking-related diseases?

One can hardly regard the income from the tobacco industry with pride as a pillar of state finance. The way to world modernization should not involve growth of the economy at the expense of the environment and the health of the people.

*(January 6, 1988)*

## Nonferrous Metals Market Thriving

The China National Nonferrous Metals Import/Export Corp. had imports and exports of US\$1 billion last year. Of this sum, the value of exports exceeded US\$420 million, an increase of 56 percent over the previous year.

The corporation's general manager Zheng Rugui said it was not easy to achieve this. It is well-known that traditional China's major ore products has also faced a declining world market situation for several years in a run. For instance, the price of a ton of tungsten ore dropped from US\$10,000 in 1980 to US\$2,200 early in 1987.

The main reason for falling prices was an excess of supply over demand on the international market. The China National Tungsten Export Chamber was set up last June to look after the country's export of tungsten ore. By the end of 1987, the per-ton price of tungsten returned to US\$3,500. It is reported that unified control will also be introduced for other major ore exports, including antimony, antimony oxide and rare earth metals.

According to Zheng, last year's exports far exceeded the 1986 total, not only because that the export of traditional products has increased, but also because that the mix of export products has undergone changes. Raw materials are gradually being replaced by finished products as the bulky share, as shown in the marked increase in the export of copper, aluminium products, ammonium molybdate, tungsten powder and tin welding wire. The proportion of finished products and the number of product varieties have greatly increased. With the development of science and technology and the expansion of production capabilities, the

proportion of finished products is expected to continue to increase in the future.

Export markets for Chinese nonferrous ores are mainly in Western developed countries. The economies of these countries are still going through a slow recovery this year, creating favourable conditions for the export of Chinese nonferrous metal products. The 1988 exports of the China National Nonferrous Metals Import and Export Corp. are not expected to be less than last year's.

During the past three years, the China National Nonferrous Metals Industry Corp. has held trade fairs in Japan, Federal Germany and the United States. Desired results have been achieved. It will no longer hold such fairs independently this year. Yet it intends to participate in the export product exhibitions to be sponsored by the China Council for the Promotion of International Trade and other organizations in Belgium, Federal Germany, Japan and the United States. Meanwhile, the corporation will open an office in Britain and a branch in Singapore.

The China National Nonferrous Metals Import and Export Corp. is one of China's top ten foreign trade companies in terms of annual import volume. Zheng said that in addition to directly handling the import of copper, aluminium, zinc and aluminium products, his company will adopt various flexible ways to expand trade, including barter trade, exchange sales and processing with imported raw material for the import of alumina and fine copper ore.

China is rich in aluminium and copper ore resources. Because of the country's huge demand, large

amount of copper and aluminium has to be imported every year. In the past few years, the China National Nonferrous Metals Industry Corp. has always given priority to the development of the aluminium industry. At present, the corporation is looking at the possibility of jointly mining aluminium in other countries.

by Han Baocheng

## Imported Lines Cater To Varied Needs

Over one hundred kinds of French-style meat products made by the Beijing Huadu Meat Products Company (BHMPC) have come onto the Chinese market. They include Jambon Moule, Saucisson pur Dinde, Saucisson de Paris a L'eail and Pate Bourgone.

BHMPC imported three production lines from France in 1985. They were pig and chicken slaughtering lines and a processing line. At the same time, a 5,000-ton cold storage was built. The factory was built according to EC standards. All the products are made within the EC standards of food hygiene. The whole production process is conducted under the guidance of French experts, who also train Chinese employees. By the end of 1987, these French-style meat products were marketed on a trial basis and were well received by foreign customers in Beijing.

Li Wenji, the company's general manager, said that in addition to production of 3,500 tons of French-style meat products, his company could also provide 10,000 tons of fresh pork and 500 tons of turkey meat for the Chinese market each year. The company also exports some of its products.

BHMPC is the first Chinese



enterprise to produce French-style meat products. Previously, China's hotels, shops and air lines imported a great deal of food from France.

by Han Guojian

## Know-How Export On the Increase

Chinese technological exports are on the rise. According to the Ministry of Foreign Economic Relations and Trade (MFERT) and the State Science and Technology Commission (SSTC), China's technological exports in 1987 amounted to US\$161 million, exceeding the total between 1979 and 1986, or an eight-fold increase over 1986.

China's technological exports in 1987 have the following main characteristics.

- Strongly competitive. For instance, China has won overseas satellite launching deals with its Long March II and III rockets. So far, agreements have been signed for launching eight satellites, in addition to contracts for providing launching services for another two satellites.

- Welcomed by foreign clients. Foreign businesses are very interested in the effector therapeutic instruments from the China National Technology Import and Export Corp., the special camera lens produced by the Tianjin New Technology Development Corp., and stereo imagery technology for colour television by the China Scientific Instrument and Material Corp.

- Improved mix of exports. Chinese technology sells mainly to the United States, Japan and Hong Kong. In the last few years, technological barter trade with the USSR and other East European countries has also greatly developed. Technology for complete

plants and equipment for small production lines are mainly exported to third world countries.

At present, China has a large number of sophisticated industrial technologies. Out of over 10,000 achievements in science and technology made every year, 1,000 are up to international standards. Some projects selected from this number are available for export.

Technological export in China is still in its infant stage. In order to expand the export, MFERT and SSTC have decided that in the future a technology export fair will be held once a year in Shenzhen.

## News in Brief

- An agreement for establishing three training centres was signed on February 1 in Beijing between the AEG of Federal Germany and China's Ministry of Metallurgical Industry, Ministry of Coal Industry as well as the China National Nonferrous Industry Corp. Under the agreement, the company will provide the centres with free teaching instruments and equipment and train its administrative personnel in Federal Germany.

At present, over 20 Chinese factories are using electrical appliances and electronic products made with the company's technology. The FRG company also plans to set up some joint ventures and their own enterprises in China in the areas of metallurgy and coal.

- The China Civil Engineering Construction Corp. (CCECC) at the beginning of this year applied to Japan to participate in the bidding on a cross-Tokyo Bay road construction project.

The Japanese company in charge of the bidding has now received the Chinese corporation's application and listed it as the 25th bidder. This makes CCECC the first Chinese company to participate in bids for large-scale construction projects in Japan.

- Belgium's largest commercial bank, the General Bank of Belgium, set up an office in Shanghai, China's largest industrial metropolis, on February 3. An official from the Belgian side said that the establishment of the office will help develop relations between China and the EC, whose headquarters are in Brussels.

## ANNOUNCEMENT

*Beijing Review* will hold celebrations on March 4 this year to mark the 30th anniversary of its founding.

During these 30 years, *Beijing Review* has aimed at promoting understanding and friendship between the people of the world. It provides information on China's political, economic and cultural developments, the domestic and external policies of the Chinese Communist Party and government and their perspectives or important world events.

We will continue in future to make every effort to strengthen friendship and co-operation between the Chinese and the people of the world.

To commemorate our 30th anniversary we are planning to publish special articles in *Beijing Review* in March. We welcome your letters and contributions.

Editorial Dept.  
*Beijing Review*

# Harbin's Ice and Snow Festival

Called the "Ice City," Harbin, capital of Heilongjiang Province in northeast China, has an average winter temperature of 30°C below zero. In the heart of winter, Harbin people enthusiastically welcome their Ice and Snow Festival with its rich variety of celebrations which continue over several months and reach a climax with New Year's Day and the traditional Spring Festival.

## Ice Lantern Show

Visiting an ice lantern show in the park has become a tradition for local people. Working in extremely cold condition, ice sculpture artists use ice and snow to shape out different artistic works by moulding, sculpting or

casting after the initial work of laying the ice blocks.

The ice lantern show features a wonderful collection of ice carvings, including artificial setting of ice and snow; miniature landscapes in flower pots, lanterns and sculptures. The carvings blend into the natural winter charm of the park, and the addition of lights and music creates a bright atmosphere in the bleak winter.

The annual ice lantern show is held in downtown Chaolin Park named after Li Chaolin, a famous general in the 1930s War of Resistance Against Japan. With a 0.2-yuan ticket one can feast one's eyes on a fascinating ice lantern show.

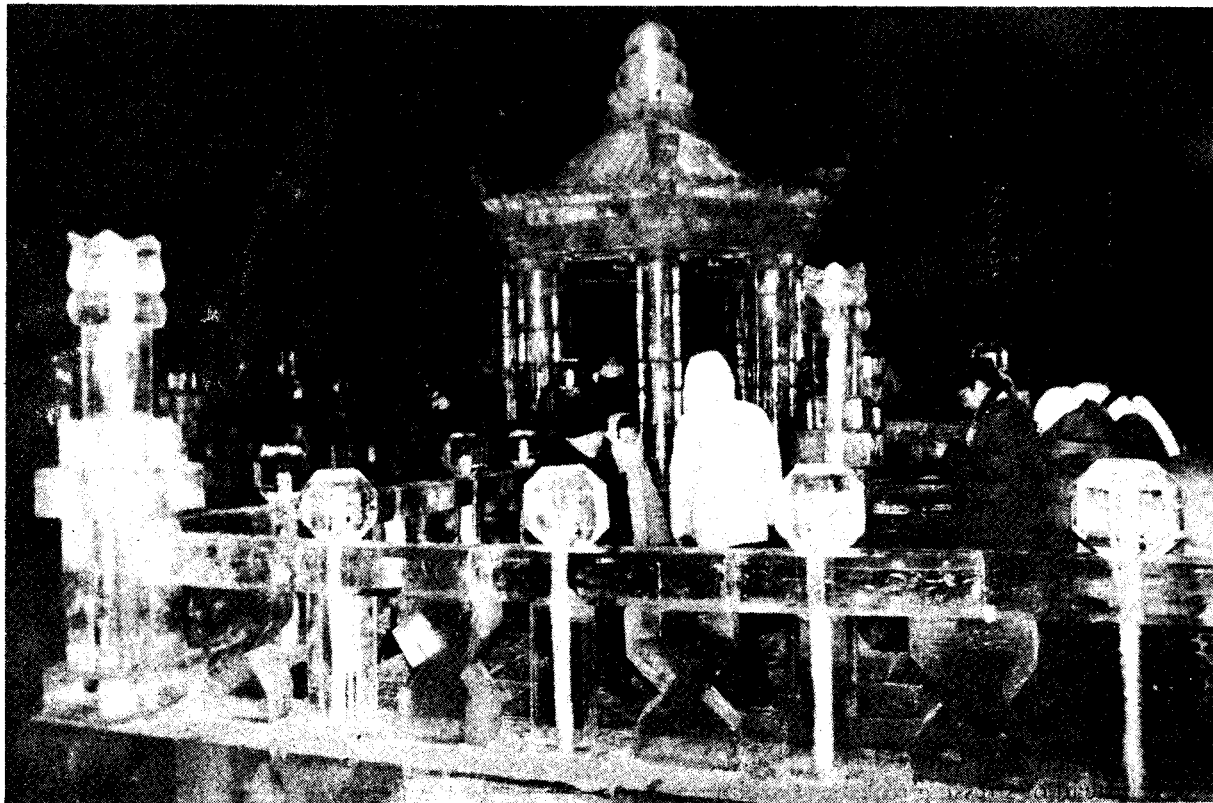
With the crystalline natural ice taken from the Songhua River which flows through the city, the

sculptors use chisels and shovels to shape the ice blocks into palaces, pavilions, figurines, bridges, pleasure-boats, birds or animals. The hollow sculptures are then decorated with lights of different colours inside, and given beautiful names such as "Vivid Pagoda Engraving," "Peacock Fanning Its Tail," "Richly Decorated Jade Palace," "Moon Palace," and "Dragon and Phoenix Symbols." All of them are very true-to-life. When night falls, the whole park sparkles like an enchanting fairy land.

Ice lanterns were originally used by fishermen in the area. When fishing in an ice hole on the river, they would often fill a bucket with water. Before the water freezes completely into one block, they take it out and chisel a hole into the upper face of the ice, pour out

This ice carving represents a scenic spot on the famous "Silk Road."

DENG JIA



the water inside and place a candle inside. Though the cold wind blows, the candle continues to burn. Gradually, local peasants and city dwellers also started making ice lanterns during the Spring Festival to hang on their front doors, or for children to play with.

Harbin held its first large-scale ice lantern show in 1963. It was very well received and since then, the show has been held every year, drawing spectators of 2 million to each show. In recent years, more and more foreign visitors have come to Harbin for the show. Many were surprised by the unique beauty of the "ice city." "Ice lanterns are in incredible form of art. They are so beautiful, and so magical," said Maria Nellie, a tourist from the United States. During the Spring Festival of 1983, the ice lantern show was telecast live to Japan, and the programme received a good response from the Japanese.

### International Ice Sculpture Competition Acclaimed

During the winter months, Harbin's main streets are populated by many carved ice animals and human figures, all of them beautifully designed and much loved by the people. The city government has run the ice sculpture competition every year since 1981.

The ice sculptures draw their themes from characters in folk stories and operas. For example, the images of Jia Baoyu and Lin Daiyu, the main characters in the Chinese classic *A Dream of Red Mansions*, and the Monkey King from the novel *Journey to the West*, often appear in ice lantern shows. Some ice sculptures draw their themes from fables, such as "The Hare and the Tortoise" and "The Peasant and the Snake." In recent years, artists have created more abstract, decorative sculptures; instead of stressing realistic

images. Take the ice sculpture *Mother and Son* for example. It won first prize for young worker Wang Jianhua at the 1988 Amateur Ice Sculpture Competition in Harbin. At first glance it looks like a large banana, or a piece of crystal orange. But seen from another angle, the sculpture depicts a young mother holding a baby in her arms. Looking from several steps back, it resembles a crescent moon or a white sail over surging waves. "This is the effect I always seek," said Wang, "a combination of movement and stillness, concrete and abstract, exaggeration and realism."

Like ice lanterns, ice carvings are also familiar to the outside world. Harbin has attracted many ice sculptors from Canada and the United States, especially since 1985 when Harbin held its first international ice sculpture competition. At the second ice sculpture competition held this year, the piece *Harbin in Our Eyes* by Canadian participants Mr. and Mrs. Elvins won second prize. The sculpture represents an ancient coin and a dragon, said Mr. Elvins, the coin is designed to reflect China's long-standing history, while the dragon rising in flight symbolizes China's ancient culture.

The Sapporo team from Hokkaido of Japan made a special trip to Harbin to sculpt a giant flying bird which is, according to team leader Honma Kimiyasu, a legendary celestial bird. Flying among forests and over waves, it evokes a love for nature. Another ice work engraved by the Niigata team of Japan represents a rising gigantic dragon, which expresses the good wishes of the Japanese people towards the Chinese people. The Hakotade team entered a sculpture of a phoenix bathed in the rays of the morning sun, which symbolizes the people of the world greeting the New Year. The Harbin team entered the ice carving *Affection*. Through artistic exaggeration the sculpture's rough lines give a

strong sense of movement. It was acclaimed by both Chinese and foreign spectators.

### Ice and Snow Sports

Ice and snow sports are another highlight of the festival. In winter, Harbin is covered in ice and snow for four months. From mid-November every year, people leave their warm houses to go out skating in the bitterly cold weather. Harbin now has more than 200 skating rings, attracting 1.2 million people, or one-seventh of the city's total population. Every year, more than 100 teams involving 2,000 participants vie for gold cups at the ice and snow sport meeting.

The skating level of Harbin's residents tops the nation. At the 6th National Games held not long ago, representatives from Harbin took home one-third of the total 98 gold medals in the ice and snow events.

In the winter, the Staff and Workers' Sports Club on the snow-covered Songhua River is often crowded with sports fans who take part in the ice sports and entertainment activities. The favourite activity is sledging. Sledges are made of four steel skates on which a rectangular wooden board is mounted. The sledge is specially designed for use on ice slides, which are often formed on the slopes of the river and are usually about 300 metres long. From about 10 metres up the sledges speed the slides, leaving the riders with a feeling of exhilaration.

Ice sailing also draws interest from many tourists. The sail boats mounted on three skates and can move freely on the ice with only a force 3 wind.

Swimming in the winter is also the pride of Harbin people. At about 6 o'clock in the morning, when temperatures are 30°C below zero, many people can be seen swimming in the icy Songhua River.

A winter swimming enthusiast began swimming in 1982. He explained that he once fell into the water while running on the ice-covered river. He was quite surprised that when he got out of the water, he did not feel cold but very comfortable. From then, he has kept up swimming every winter to stay healthy. In 1982, the city's trade union established a winter swimming association, which opens a winter swimming pool on the Songhua River. The association now has 560 members, including professors, engineers, workers and cadres. They were praised as "braves" by the then Premier Zhao Ziyang when he watched their performance at the 1985 Spring Festival.

by Zhang Wei and Bing Yao

## Winter Swimming — A Craze In Beijing

Winter swimming has gradually aroused the enthusiasm of more and more Beijing residents. Three years ago, few people would dare to swim in the icy waters. But now, a Winter-Swimming Enthusiasts' Club set up here has more than 2,000 members. The oldest is 84 years of age and the youngest is only 7. The members are from all walks of life. They may be workers, peasants, soldiers, engineers, professors, government employees or students.

Although now is the coldest part of the season and the water temperature in the city's lakes is around zero centigrade, many keen winter-swimmers still challenge the bitter cold, even on snowy days. Perfectly relaxed and proud, they enjoy themselves in the lake, a striking contrast to the heavily-dressed onlookers.

The main reason for the new craze is that winter-swimming can be remarkably beneficial to one's health. Bei Sha, a 69-year-old who



Winter swimmers in the eastern lake of Yuyuantan Park, Beijing.



XUE CHAO

suffered from heart trouble for 26 years, said that his health has greatly improved after ten years of winter swimming. He is just one good example of its capacity to lift spirits and stimulate blood circulation.

Ai Ming, 60, a cadre from the Xi Yuan Restaurant said that after years of winter-swimming she feels much younger.

Mu Zuoyi, 55, who works for the Ministry of Astronautics Industry had rheumatism for more than 20 years, and medical treatment was having little effect. He began winter-swimming in 1976 and after 9 years, his condition become less troublesome.

Zhuang Yanlin, 70, son of the prestigious revolutionary veteran Zhuang Xiquan, wears unlined garments in the dead of winter but does not feel the cold at all, and his 99-year-old father is still healthy and energetic. Zhuang puts this down to the benefits of winter-swimming.

A survey of 100 winter-swimmers in different age groups indicates that 80 percent originally suffered from diseases of some kind. However, they have all shown considerable improvement since taking up winter-swimming. In the past three years, not one of them has caught a cold.

Scientists are studying the effects of winter-swimming on health, as well as appropriate times, places and conditions for winter-swimming, with consideration to medical science, safety and health care.

The annual winter-swimming show this year, with its 1,000 participants, has brought a breath of spring to Beijing. The number of winter-swimmers has increased dramatically. According to an estimate made by An Murong, standing councillor of the Beijing Winter-Swimming Enthusiasts' Club, next year even more people, in excess of 3,000, are expected to join in.

by An Bing



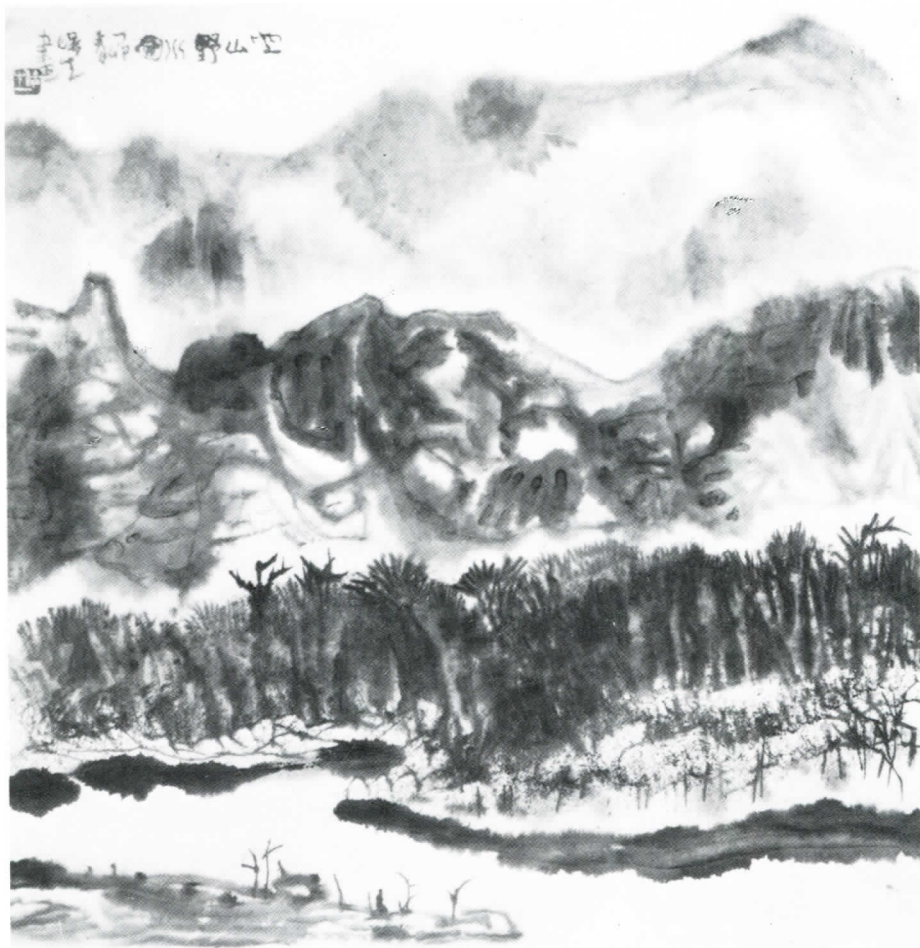
## ART PAGE

### Chinese Painting by Zhao Junsheng

Zhao was born in 1942 in Tianjin to a family of artists. He received a rigorous specialized education and formed his own unique artistic style by absorbing the strong points in others. Zhao is now working in the Chinese Museum of Fine Arts.



Spring Awakening



Distant Mountain  
and Stream





## China National Machinery & Equipment Import & Export Corp. (CMEC)

China National Machinery and Equipment Import & Export Corp. (CMEC) is one of the biggest foreign trade corporations in China. We integrate industry and trade. As well as the head office in Beijing, CMEC has also 36 branches throughout the country, and 25 overseas representative offices, wholly owned or jointly owned companies and residential trade offices in 22 places abroad. CMEC's record includes trade relations with 128 places abroad.

CMEC handles the following import and export business:

**Export:** Machine tools and tools, heavy-duty and mining machinery, petrochemical machinery, general-purpose machinery, hoisting, handling and construction machinery, food processing and packaging machinery, bearings and basic components, electrical goods, instruments and meters, complete sets of equipment and complete projects, various special-purpose equipment.

**Import:** Introducing technology, co-operative production, joint ventures; importing various machinery and electrical equipment, instruments and meters, parts and components and raw materials.

CMEC also undertakes processing with supplied blueprints, samples and materials; assembling with supplied parts; production of appointed trade-mark products, compensatory trade, barter trade, joint design, joint bidding, providing technical services, handling export of technology, technology transfer, co-operative labour services and undertaking engineering projects abroad.

Address: 16 Fuxingmenwai Street Beijing, China  
Tel: 362561 Cable: EQUIMPEX BEIJING  
Telex: 22186 EQUIP CN 22610 EQUIP CN