

A CHINESE WEEKLY OF NEWS AND VIEWS

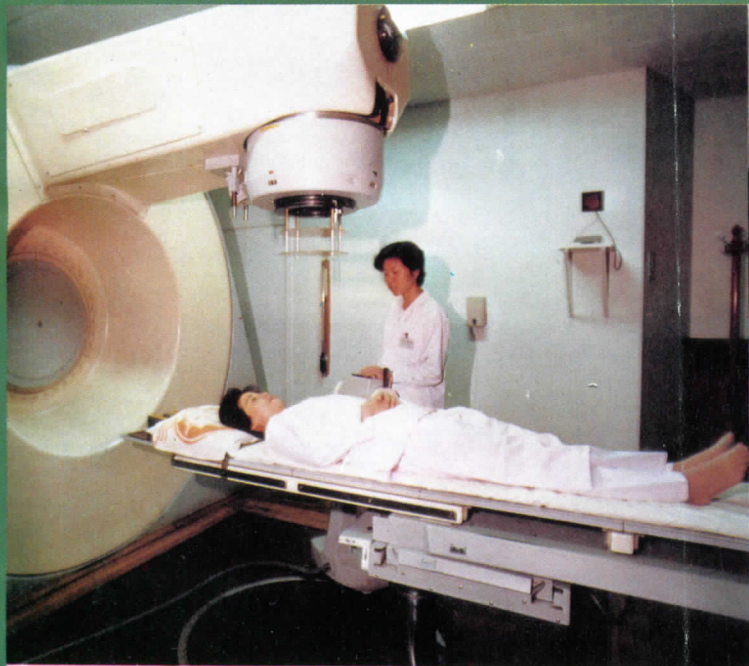
# Beijing Review

北京周報

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July 18-24, 1988

## Taiwanese Investment Encouraged



**MEDICAL  
&  
HEALTH  
SERVICES**



Tibetan *wugudou* (five-cereal container) — the symbol of luck and a bumper harvest.

*Ma Jingqiu*

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**Cover:** Doctors at Beijing Hospital (two left) use traditional Chinese and Western approaches to treat patients. Master of *Qigong* (deep breathing exercises) Zhang Xiangyu (right) gives a mentally retarded child *qigong* therapy.  
**Wang Donghai and Xue Chao**

## HIGHLIGHTS OF THE WEEK

### Mainland Welcomes Taiwan Investors

■ To foster economic and technological exchanges between the mainland and Taiwan and to promote prosperity on both sides of the Taiwan Strait, the State Council issued a set of regulations encouraging Taiwan compatriots to invest on the mainland. Exchanges will be conducted on the basis of equality and mutual benefit (p. 5).

### The Legal Backup to Economic Reform

■ The recently held NPC Standing Committee session has decided to focus current work on legislative and supervisory matters in the economic and administrative areas. With the aim of creating a sound environment for developing China's socialist commodity economy, this represents another step in China's efforts to deepen the reforms of its economic and political structures (p. 4).

### China's Medical and Health Services

■ From provincial level all the way down to the villages, China boasts a health-care network which provides almost every Chinese with medical services. To improve this network, the central government has started to adopt new measures, including the use of funds and appliances from abroad (p. 14).

### A Look at Soviet Aid to India

■ The Soviet Union and India maintain close ties. Their relationship is cemented by substantial Soviet economic and military aid. The article analyses nature, results and impact of Soviet assistance to India and compares it with US aid (p. 18).

### EC Summit Advances Towards Integration

■ The recent summit meeting of the European Community made progress in the direction of European integration. The 12 EC member countries moved closer together on the creation of a monetary union and on what to do about the social repercussions that a single market could trigger (p. 13).

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# The Legal Backup to Economic Reform

by Jin Qi

The recently held Second Session of the Seventh NPC Standing Committee has decided to focus current work on legislative and supervisory matters in the economic and administrative areas, guaranteeing citizens' rights, and maintaining public order. This aims at creating a sound environment for developing China's socialist commodity economy, and represents another step in China's efforts to deepen the reforms of its economic and political structures.

China is in the process of replacing an outmoded system with a new one. It is also faced with two most difficult tasks: the reform of the price and wage systems. Rigid concepts and outdated rules are being discarded and replaced with market-oriented concepts and economic mechanisms. Now laws and regulations are being established and many new methods tried out. The interests of the state, enterprises, individuals and different social groups have to be given legal protection so as to prevent encroachment upon each other's interests. It is necessary to make patient and painstaking explanations to the Chinese people whenever a reform measure is taken. All this must be supported by effective legal and supervisory means. Otherwise the establishment of a new economic order will prove impossible.

One important characteristic of these reforms is that economic relations are based on contracts. According to a recent report presented by the Chinese Economic Structural Reform Institute, in 1987, one billion

economic contracts were signed in China, 50 million of these were violated or not effectively implemented, leading to legal proceedings in the courts. The main reasons for the breach of contract were ignorance of its legal force, influence of traditional concepts and administrative interference.

Discount and commission which are normal in international trade have been prevalent in China in recent years. But they are used indiscriminately, notably "commission" put into someone's pocket. This "secret weapon" is often used by the sales clerks of local collective enterprises to sell their poor-quality products, leaving state-owned enterprises in an inferior competitive position as they usually exercise stricter finance control. According to state regulations, if an individual takes commissions or discounts he or she is guilty of bribery.

A discussion on discounts unfolded recently in the *Economic Information* published in Beijing. After some heated debate, the general view of legal workers was that discounts should be open, standardized and brought under legal auspices.

It is already an open secret that some private enterprises try to evade tax through bribery. Because China's private economy plays a highly positive role at the present time, state policy is to encourage its development. But it must not do so beyond the bounds of the law. After all, acts of bribery and tax evasion are illegal even in capitalist societies, let alone in a socialist state. And China's Interim Regulations on Private Enterprises and Regulations on the Payment of Income Tax

promulgated by the State Council on June 25 laid down concrete stipulations on the scope of business and lawful limits.

Levying personal income tax is also a common international practice. One of its aims is to prevent excessive income gaps between people, being seen as "the second distribution" of wealth. For a long time, China pursued an absolute egalitarian distribution policy. Because people generally received low incomes, there was no personal income tax. But in the past decade, because a section of people who work hard and are well versed in management have become affluent first, the income gap has been widened. Under such circumstances, the State Council decreed that from January 1987 personal income regulatory tax would be levied on high earners.

In Beijing, a 20 percent to 60 percent rate of progressive tax is levied from those who earn over 400 yuan a month. But newspapers recently disclosed that some high earners did not voluntarily report and pay taxes. Among them are contractors of small enterprises, businessmen, taxi drivers, members of construction teams, actors and painters.

Experts believe that to solve this problem, it is necessary to increase further the degree of economic openness. This added visibility will help strengthen supervision by mobilizing social forces, including the mass media. Again the most important task is working out complete and reasonable economic laws and regulations supported by impartial and incorruptible judicial and supervisory organizations. That is a basic guarantee for bringing about a sound economic order. ■

## Mainland Invites Taiwan Investors

Companies and individuals from Taiwan are welcome to invest and make money on the mainland, says Yuan Mu, spokesman for the State Council.

At a press conference on July 6, Yuan explained the principles governing a set of regulations designed to encourage Taiwan compatriots to invest on the mainland. The rules went into effect the same day.

Yuan said all the Chinese government's policies towards Taiwan are aimed at promoting the peaceful reunification of the motherland according to the principle of "one country, two systems."

"This is the government's basic, long-term principle, and regulations encouraging Taiwan compatriots to invest on the mainland were worked out in line with this principle.

"Investment by Taiwan compatriots on the mainland will be conducted on the basis of equality and mutual benefit," Yuan said.

"No matter whether publicly or collectively owned, big or small, or run by individuals, companies from Taiwan will all receive the same treatment when they come to the mainland to invest, and their legitimate rights and interests will be protected along with their safety and freedom to come and go."

The set of regulations encourages Taiwan compatriots to invest on the mainland in various ways. They can start private companies or participate in joint ventures or co-operative enterprises; engage in compensation trade; supply materials for processing; purchase enterprise shares and bonds; and buy land-use rights.

"Companies set up on the mainland by Taiwan compatriots will enjoy the same treatment as foreign-funded companies," Yuan added.

The new regulations are aimed at encouraging economic and technological exchanges between Taiwan and the mainland, promoting prosperity on both sides of the Taiwan Strait, and facilitating the exchange of mail, goods, and air and shipping services, which will help promote reunification.

The regulations are the product of increasing exchanges across the Taiwan Strait, which have been beneficial to both the mainland and Taiwan.

In recent years, companies and individuals from Taiwan have been doing business and investing on the mainland. Their activities have focused on industries such as textiles, electronics, and the service trades in Fujian, Guangdong and Zhejiang provinces and Shanghai.

Yuan said he hopes the Taiwan authorities loosen their policies in line with developments on both sides of the strait, because this is a general trend which conforms to the interests of people on the mainland and in Taiwan.

**Visits to jailed relatives on the mainland.** A few days before the press conference, an official from the Ministry of Justice said prisons and re-education units have been directed to accommodate visits from Taiwan, Hong Kong and Macao compatriots.

Gifts of food and money (including foreign currency) to jailed relatives and friends may exceed normally tolerated limits, the official said. Gifts other than food and daily necessities will be withheld until the prisoner is

released.

Provincial and municipal departments of justice have the right to approve applications for visits.

## Zhao Interviewed On French TV

China will try to learn the best of everything from abroad, including modern managerial expertise, Chinese Communist Party General Secretary Zhao Ziyang said in an interview with French television.

Zhao said China may examine Western political systems for inspiration although the basic socialist system of China will not be changed.

The 40-minute special report, entitled "Zhao Ziyang's Ideal," was the first French television coverage of a senior Chinese Communist Party leader.

French Television One previewed the programme at a reception in Paris on July 7 attended by Chinese Ambassador Zhou Jue and other diplomats.

Zhao said in the April 16 interview with French TV reporter Jacqueline Dubois that socialist countries can draw on each other's experience in reform but should not copy it indiscriminately.

Asked about the difference between the reforms in China and those in the Soviet Union, Zhao replied, "I haven't made a detailed study of the reform in the Soviet Union, so I'm not very clear how it differs from ours.

"However, generally speaking, I would make a positive appraisal of the Soviet reform and wish

them success.

"Our two countries share similar directions in many fields of the reform," he said. "However, the concrete plans are different. Since the national conditions in China and the Soviet Union are different, they have to follow different approaches."

Zhao also urged Soviet leader Mikhail Gorbachev to use his influence to urge Viet Nam to withdraw its troops from Kampuchea so as to clear the way for a Sino-Soviet summit.

Dubois asked whether senior leader Deng Xiaoping or Zhao himself would go to Moscow to meet Gorbachev, who has called for a meeting with Deng.

Zhao said Deng stated two years ago that if Gorbachev would urge Viet Nam to withdraw its troops from Kampuchea, he would be willing to meet Gorbachev anywhere in the Soviet Union.

"Therefore," Zhao said, "we hope that General Secretary Gorbachev will use his influence to urge Viet Nam to withdraw its troops from Kampuchea so that the Chinese and Soviet leaders may meet."

Zhao also talked about Sino-French relations. He said, "China and France enjoy good relations and we're very satisfied about it."

## New Rules For Private Firms

The State Council, China's highest administrative body, published the country's first regulations on private enterprises on June 28.

The regulations, which took effect on July 1, are aimed at promoting the private economy in accordance with the state policy of developing a diversified economic system with the publicly owned sector maintaining a predominant position, said Ren Zhonglin, director of the State Industrial and

Commercial Administration.

The regulations define a private enterprise as an individually owned business with eight or more employees. China has about 225,000 such enterprises with an estimated total of more than 3.6 million employees, an average of 16 employees per enterprise.

The new rules and corresponding income tax regulations are seen as sign of the government's commitment to encourage private enterprises in the wake of a constitutional amendment passed in April by the National People's Congress (NPC) confirming their legitimacy.

After China began to collectivize and nationalize privately owned businesses in the mid-1950s, the private sector was labelled capitalistic and detrimental to socialist ownership. Over the next two decades, private businesses gradually lost their right to exist.

Since 1978, however, private businesses have started re-emerging. Their size and scope have also expanded in line with China's increasingly flexible economic policies. Today many of these enterprises have hundreds of thousands of yuan in capital and some have more than 1 million.

But many private entrepreneurs have been worried about inconsistent government policies and the lack of legal guarantees. To play it safe, some registered their businesses as collectively owned.

Fearful of standing out too much, many private business owners in Wenzhou, a coastal city in Zhejiang Province, spent most of their profits on luxury goods or fancy family burial tombs, instead of reinvesting it in production.

Some had to close their businesses after being blackmailed by various authorities, while others took advantage of the lack of regulations to evade taxes, speculate and violate workers' rights and safety requirements.

The regulations consider the

private economy as a supplement to socialist public ownership. On this basis, the rights of private enterprises are protected by the state. Owners are allowed to pass on their private holdings to their heirs. Employees have the right to organize trade unions.

Ren said that under the rules, rural villagers and urban unemployed and self-employed people can apply to open and run a private enterprise with eight or more hired workers. Retired scientists and technicians and those who have resigned from their posts can start private enterprises, especially in scientific research and technical consultancy services. Applications will also be received from people who are released after serving prison sentences and young people released from re-education through labour.

For the first time, private businesses are allowed to undertake joint or co-operative ventures directly with foreign companies. They can also refuse to pay any illegal fees or charges which authorizing departments try to collect.

Compared with smaller private businesses in the retail, catering and service trades, the larger businesses are mostly engaged in labour-intensive production, housing construction and transport, mostly in rural areas.

Regarding restrictions, the regulations prohibit private enterprises from engaging in the defence industry and banking, and from dealing in goods under state protection or monopoly such as cultural relics, jewellery, automobiles and non-military explosives.

The income of the directors or managers is limited to a maximum of 10 times that of the average income of employees.

Private enterprises cannot issue shares to the public. They are obligated to provide for the safety and health of employees. The work-day is set at eight hours and

the minimum age of employment at 16.

To guarantee state revenues, private enterprises will be required to pay 35 percent in income tax to the state. In addition, they must reinvest at least 50 percent of post-tax profits in production. A 40 percent tax will be levied on personal profit derived from private enterprises.

Penalties for violating the regulations include warnings, fines, confiscation of illegal income and forced closing. Enterprises that conceal the truth in their application forms, alter documents, hire child workers, or violate the rights of employees will lose their licences. ■

## NPC Deputies Express Views

The government should focus its work on developing agriculture, building up basic industry and infrastructure, promoting science, technology and education, and restructuring governmental institutions to improve their efficiency, according to a survey of deputies to the National People's Congress (NPC).

The deputies gave the central government good marks for its measures to promote the country's reunification, develop an economic strategy for coastal areas and improve the legal system. They scored it poorly on work efficiency of governmental bodies and promoting science, technology and education.

The survey of nearly 1,000 NPC deputies—the first of its kind in China—was prepared by the non-governmental Beijing Research Institute of Sociology and Economics.

Most of the respondents said the reforms have produced a better lifestyle, with 77.3 percent

saying market supply has improved, 85.4 percent saying living standards are up, and 76.5 percent agreeing that the country's economic situation is better than before.

In addition, 85 percent said freedom of speech and the legal system have changed for the better and 70.8 percent said the Chinese news media are giving a more truthful picture.

About 70.1 percent said social conduct in China has deteriorated and 49.7 percent said the same about the Party style of work.

Some of the responses on price reforms were contradictory. More than half of those surveyed are in favour of government price controls on major agricultural products but 85 percent said products should be more open to market influences.

Almost half think the price system will turn for the better in the next five years.

On the question of which among the laws and regulations to be issued should get priority, the top choice was a public service law. The second choice was a law governing village and township enterprises, then a law for teachers and one covering the private sector. A press law came the sixth and regulations on rallies and demonstrations the eighth.

More than two-thirds feel that as deputies they have the right to make speeches and participate in voting at congress sessions without legal reprisals, to address inquiries to state organs, and to propose the removal of government officials.

But the survey found that only 2.5 percent have exercised their right to seek to remove an official, while 14.2 percent had exercised their right to make an inquiry.

The majority of the respondents agreed that "departments concerned do not favour the inquiry for fear of being embarrassed."

The deputies were asked to comment on one delegate whose

wife had called him long-distance to ask him not to be too outspoken because he had been maltreated for candor after he expressed disagreement at an NPC session. About 52.5 percent said the wife's worry was reasonable.

Although 62.1 percent of the respondents said the NPC should supervise governmental work on behalf of China's citizens, only 18.9 percent said that it is currently able to play this role. ■

## NPC Committee Works Out Plan

The Standing Committee of the Seventh National People's Congress (NPC) will concentrate its work for the next five years on legalization and supervision. The work plan was approved at the committee's second meeting, which ended on July 1.

Legislative work will focus on formulating economic and administrative laws aimed at helping establish a socialist commodity economy. Many laws must be drawn up, the plan says. "It will be a big project."

The committee's supervision will be over the implementation of laws and the Constitution, and over the work of administrative, judicial and supervisory bodies.

The supervision consists of three major aspects:

First, if any regulation or decree issued by a locality or the State Council is found contrary to the Constitution or national laws, it must be reported to the Standing Committee. Any rule made by a minority autonomous region must be examined by the NPC Nationalities Committee, which then sends it to the Standing Committee for approval.

Second, if constitutional violations occur in the course of implementing a law or handling a major legal case, the Standing

Committee will either offer its suggestions to the law enforcement departments concerned or set up an investigation commission to examine the case.

Third, the Standing Committee will accept appeals and complaints from the public. Any cases involving officials or other staff directly appointed by the Standing Committee will be examined by the committee. Other cases will be handled by the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Supervision or the standing committee of the local people's congress. The result must be reported to the NPC Standing Committee within a specified period.

The Standing Committee's supervision is mainly concerned with national economic plans, social development and central government budgets. Any adjustments made by the State Council to plans or budgets during their implementation must be reported to the committee.

On major issues or problems of public concern, the committee is responsible for hearing reports from the State Council, its ministries and commissions, the Supreme People's Court and the Supreme People's Procuratorate.

The work plan also deals with the committee's diplomatic work and the structure of the committee itself.

## Imported Goods Fail Inspection

Inspectors found problems with 14.67 percent of imported commodity shipments examined between January and April, says Zhu Zhengyuan, director of the state administration for the inspection of import and export commodities.

Zhu said 4,572 out of some 31,000 shipments in the period did

not come up to agreed-upon quality standards or contained fewer than the agreed-upon number of items.

The foreign trade departments concerned have claimed damages from those responsible, he said.

Of the more than 129,000 shipments of imported commodities inspected last year, 17,834 failed to satisfy contract requirements. The foreign trade departments claimed more than US\$120 million in damages in 1987.

This year, for example, Tianjin purchased 70 sets of colour photograph developing equipment from a company in the United States at a total cost of US\$2.8 million. Within the warranty period, it found 68 sets of the equipment to be of poor quality.

Jiangsu Province inspected 25 lots of washed wool imported from Argentina between January and March. It found that 10 lots did not meet the required standard.

A kinescope company in Fuzhou, Fujian Province, imported 10,000 sets of colour kinescope parts from Japan. When the shipment was delivered, it was 1,000 sets short.

In Henan Province, a meat-processing plant imported from Switzerland a US\$300,000 sausage production line. When it was delivered to the plant, it was found to be the wrong model. It was also partly damaged.

To solve these problems, Zhu said, inspection procedures should be tightened up and inspections should be conducted with greater efficiency and diligence. At the same time, China will expand its contacts and co-operation with other countries in the inspection field.

The state administration for the inspection of import and export commodities plans to establish its own inspection agents or joint-venture agencies in other countries

to cater to the needs of China's import and export trade, Zhu said. ■

## Theorists on Private Business

Private business, which was denounced until recently as totally "anti-socialist," has been booming again in recent years, giving rise to heated discussions, especially among theorists.

Though there are different views on the issue, economists generally agree they should make a careful study of the current private sector of 225,000 enterprises and 3.6 million employees, said a researcher from the Chinese Academy of Social Sciences on June 14. He said the issues they are most concerned about include the nature of private business and its relationship to the public sector.

Some experts think that private firms, especially those which employ large numbers of workers in mass production, have elements of exploitation and are therefore obviously "capitalist."

However, some hold that private enterprises have production and marketing methods similar to their state-run counterparts and are subject to state supervision and administration. By handing over taxes to the state, they play their part in the socialist economy and are therefore part of socialism.

But popular belief places more importance on observing whether or not private firms, especially those with many employees, are making a strong enough contribution to economic growth.

As for exploitation, theorists adopt three viewpoints.

Some simply say that there is no exploitation at all in private business since employees of private firms generally receive a higher salary than counterparts working for state and collectively-



run enterprises. Also, employers derive incomes through labour by marketing goods, purchasing raw materials, and providing technical and quality checks.

Another view is that the existence of wage labour indicates a kind of exploitation.

But a large number of people think the socialist revolution of the past few decades has made citizens sensitive to the issue of exploitation, and feel it is unwise to openly discuss the matter, as it discourages both employee and employer enthusiasm.

Liu Shaoqi, former state president, said in 1956 that since the public sector could not meet all the needs of the people, private business was a necessary supplement to that sector.

This view, which was criticized in the 1960s and early 1970s, was re-evaluated after 1978 and supported by Zhao Ziyang in his report to the Communist Party's 13th national congress last October.

Statistics show that the output value from the private sector accounts for less than one percent of the whole country's total industrial output value. ■

## China, Qatar Establish Ties

The People's Republic of China and the State of Qatar have established full diplomatic relations.

A joint communique to this effect was signed on July 5 in Paris by Qatari Ambassador to France, Abdul Rahman Al Attiyah, and his Chinese counterpart Zhou Jue on behalf of their respective governments.

The communique said the decision was made as a result of the countries' common desire to strengthen and develop friendly relations and co-operation. ■

## Weekly Chronicle (July 4-10)

### POLITICAL

July 5

■ At a meeting with Brazilian President Jose Sarney, who is on a six-day official visit to China, senior Chinese leader Deng Xiaoping says world war does not seem likely in the near future. "We should grasp this opportunity to overcome difficulties and further our development."

July 7

■ Guinean President Lansana Conte and his wife arrive in Beijing for a six-day state visit to China at the invitation of Chinese President Yang Shangkun.

Conte is expected to exchange views with Chinese leaders on the development of bilateral relations and international issues of common interest.

July 8

■ Zhao Ziyang, general secretary of the Central Committee of the Communist Party of China, sends a message of congratulation to Lee Teng-hui of the Central Committee of the Kuomintang in Taipei.

Zhao says, "Please accept my congratulations on your election to the chairmanship of the Kuomintang at the 13th Congress. I sincerely hope that our two parties will, together with the people of the whole country, make joint efforts to strive for an early realization of the great cause of the reunification of China."

### ECONOMIC

July 6

■ The north China city of Tianjin reports a total industrial output value of 17.5 billion yuan (about US\$4.7 billion) in the first six months of the year, up 10.1 percent from the same period last year.

Sales of industrial enterprises also increased in the period, the

city's statistics bureau reports.

July 7

■ China's Geology and Mineral Resources Ministry signs an agreement with US-based EG & G Inc. to sell advanced technology and component parts for a helium magnetometer.

Under the agreement, the China National Geological Technology Development Import-Export Corp. will provide technology on a royalty basis for the magnetometer's electronic processing element.

### CULTURAL

July 8

■ Beijing Mayor Chen Xitong says his government is encouraging schools to expand their business ventures as a means of increasing their income, Xinhua reports.

By the end of last year, school-run enterprises in the capital employed 18,000 people and had fixed assets of 77.28 million yuan.

■ The first Sino-Bulgarian social science co-operation agreement is signed in Sofia by Li Shen zhi, vice-president of the Chinese Academy of Social Sciences, and his Bulgarian counterpart.

Under the agreement, the two sides will undertake co-operation in the fields of economics, politics, history and literature.

### SOCIAL

July 8

■ A local official says at least 41 people were killed on July 6 in a mud-and-rock slide which hit the county town of Jone in northwest China's Gansu Province.

The disaster affected some 10,000 people in Jone County, in the Tibetan Autonomous Prefecture of Gannan.

The slide, which occurred in the wake of a rainstorm, swept away many houses and destroyed power supply facilities in the town.

US-IRAN

## Downing of Civilian Airliner Condemned

*The downing of an Iranian civilian airliner by a US warship over the Persian Gulf sent shock waves through the international community.*

**O**n July 3, the US naval cruiser *Vincennes* shot down an Iranian civilian airliner over the Strait of Hormuz. All 290 passengers aboard the Airbus jet were killed. The disaster is the most serious since the US Navy began massing warships in the Persian Gulf—and a black

chapter in the history of world civil aviation.

Shortly after the incident, the United States announced that a US Navy ship shot down an Iranian F-14 fighter in an exchange of fire with the Iranian Navy in the Gulf. Later, Washington had to admit that the

downed plane was a civilian airliner, and said it was accidentally identified as an F-14. The US government expressed "extreme regret" for what it described as an accident which occurred during an exchange of fire.

President Ronald Reagan called the incident "a terrible human tragedy" and expressed sympathy for the passengers, crew and their families. But Reagan also said it was an "understandable accident" and defended it as the unfortunate result of "a defensive action." Although a six-member Pentagon team left the United States for the Gulf to investigate the incident, the United States announced that its Gulf policy would not be changed as a result.

Reports from the official Iranian news agency said the airliner was shot down intentionally, not accidentally, and assailed the incident as air banditry. The Iranian government strongly condemned the United States and asked the United Nations Security Council to hold an urgent meeting to discuss the event.

The tragedy involving innocent people shook the international community. Many countries condemned the US action and called for the withdrawal of US Navy ships from the Gulf. UN Secretary-General Javier Perez de Cuellar also condemned the shooting down of the airliner and asked all parties concerned to exercise the maximum restraint in a delicate situation. The UN Security Council and International Civil Aviation Organization both planned to discuss the incident.

The cruiser *Vincennes* was sent to the Gulf only six weeks before the incident. It is the most modern warship in the region, equipped with the most advanced radar, electronic survey instruments and weapons system. The Airbus A300 airliner is three times as long as an F-14 fighter. The two aircraft have a great disparity in speed. It is hard

US cruiser "Vincennes," which shot down Iranian airliner.



to believe that such advanced equipment could not distinguish them. US defence officials offered many explanations but none was convincing. Many questions remain to be answered by Washington.

When the United States sent its fleet to the Gulf, it said its aim was to ensure oil tankers' security and freedom to navigate. One country after another pointed out that superpower military intervention would only complicate the Gulf situation. Subsequent developments have borne out this warning. US warships did not bring calm to the Gulf. On the contrary, they have clashed many times with the Iranian Navy. And

this time, during an exchange of fire with Iranian gunboats, a great tragedy occurred. Obviously, US military intervention in the Gulf does not guarantee but severely damages civil aviation freedom in the region. The root cause of the tragedy lies in the US Gulf policy.

To prevent similar incidents from recurring, superpower military intervention in the Gulf must stop. It will not contribute to peace and stability. As for Iran and Iraq, both have paid a heavy price for their eight-year-long war. For their sakes and for the sake of regional peace and stability, people deeply hope that they stop fighting soon.

by Ming He

preponderant role in the settlement would promote the interests of all parties concerned.

The ministers reiterated "their call for a durable and comprehensive political settlement in Kampuchea."

As for the proposed informal meeting on Kampuchea in Jakarta, the ministers called on the four Kampuchean factions and Viet Nam to support and participate in the meeting and try to make it a success.

The six ministers—from Brunei, Indonesia, Malaysia; the Philippines, Singapore and Thailand—have all expressed support for the meeting, which they believe will be a "litmus test" of Viet Nam's true motives and sincerity.

Viet Nam rejected the ASEAN ministers' communique. On July 7 the Vietnamese Foreign Ministry issued a statement saying the communique "did not reflect actual conditions in Kampuchea and ASEAN's stance is supporting one side to fight against another." It repeated that the Jakarta "cocktail party" should be held in the spirit of the agreement reached between Viet Nam and Indonesia last July in Ho Chi Minh City. "At the first stage, all parties of Kampuchea meet to discuss internal issues, and then Viet Nam, Laos, Indonesia, Thailand and other ASEAN countries will join the second stage."

At a dialogue meeting held after the foreign ministers' conference, the ASEAN ministers met their counterparts from the United States, Japan, Canada, Australia, New Zealand and the European Community to discuss the international situation and the Kampuchean problem in particular. All the dialogue partners expressed their support for ASEAN's initiatives on Kampuchea issue, especially the proposed Jakarta informal meeting.

ASEAN

## Foreign Ministers Focus on Kampuchea

*Southeast Asian foreign ministers placed Kampuchea at the top of the agenda for their recent conference. At a post-conference dialogue meeting, their partners applauded their attempts to find a solution to the Kampuchean problem.*

**C**autious hope has sprung up for a solution to the Kampuchean conflict as global political events and domestic pressures inside Viet Nam combine to create opportunities for a fresh move. The meeting of foreign ministers of the Association of Southeast Asian Nations (ASEAN), held in Bangkok July 4-5, focused on the Kampuchean problem, as it has for the past nine years.

A joint communique issued at the end of the meeting stated that Viet Nam's military occupation of Kampuchea is a violation of the United Nations Charter and international law, of the right of

the Kampuchean people to self-determination, and of the principle of non-interference in the internal affairs of a sovereign state.

"The invasion and continued occupation of Kampuchea by Viet Nam poses a grave threat to the peace and stability of Southeast Asia, thus endangering international peace and security," it said.

The foreign ministers reaffirmed their support for the Coalition Government of Democratic Kampuchea (CGDK) under the presidency of Samdech Norodom Sihanouk. They recognized that assuring Sihanouk a

Japanese Foreign Minister H. E. Sosuko Uno said the international community must establish three points as the main pillars of a political settlement to the Kampuchean problem. The first pillar is the full implementation of Viet Nam's public commitment to the total withdrawal of its troops. The second pillar is the restoration of a genuinely independent, neutral and non-aligned Kampuchea. And the third is the establishment of an international framework that guarantees the final settlement.

US Secretary of State George Shultz said, "We have stated repeatedly that we look forward to

normalized relations with Viet Nam in the context of a Cambodian (Kampuchean) settlement." He added, "We must also keep diplomatic and economic pressure on Hanoi."

Commenting on Viet Nam's rejection of the ASEAN ministers' communique, a spokesman for the Chinese Foreign Ministry said, "The question of Kampuchea is a result of the Vietnamese armed invasion and occupation of Kampuchea. As a direct party to the question, Viet Nam has no reason for not participating in the process of political settlement of the question."

by Chang Qing

## JAPAN

### Defence Chief Visits Southeast Asia

*The director-general of the Japanese Defence Agency recently spent eight days in Southeast Asia. His visit was aimed to explain away the region's fear of Japan's becoming a major military power.*

Japanese Defence Agency Director-General Tsutomu Kawara visited Indonesia and Singapore June 29-July 6. He held talks with Indonesian President Suharto and Defence Minister Benny Murdani and Singapore Prime Minister Lee Kuan Yew and Defence Minister Goh Chok Tong.

One Tokyo newspaper described the visit—the first by a Japanese defence chief since the end of World War II—as “epoch-making.”

Japan has recently been extremely active in the diplomatic arena. Prime Minister Noboru Takeshita attended the June 19-21 Toronto summit of seven major industrialized nations. Foreign Minister Sosuke Uno visited four Middle East nations, becoming the first Japanese cabinet member

to pay an official visit to Israel. And on June 23 a parliamentary delegation led by former Foreign Minister Yoshio Sukauchi called on the Hanoi-installed regime in Kampuchea, with which Japan has no diplomatic relations. These visits, together with Kawara's Southeast Asia visit, were aimed at exploring ways for Japan to play a role in sensitive military situations and gain a greater voice in world affairs on the road to becoming a major political power.

Indonesia and Singapore are both members of the Association of Southeast Asian Nations (ASEAN), which also includes Brunei, Malaysia, the Philippines and Thailand. Observers cited three purposes for Kawara's visit.

First, Kawara wanted to explain Japan's defence policy to

ASEAN leaders, who have been concerned about the country's sharply increasing military strength in recent years.

Japan has beefed up its air and sea defence capabilities. In 1981, for example, then-Prime Minister Zenko Suzuki said the country would protect maritime transportation lines up to 1,000 nautical miles off the coast. In December 1986, the Yasuhiro Nakasone government dropped a decade-long policy of holding Japan's defence spending to less than 1 percent of its gross national product. These policies, regarded as expanding Japan's military strength, have caused concern among Asian countries. According to a public opinion survey conducted by the Japanese Foreign Ministry, Asian nations remain wary of Japan, which invaded China, Singapore, Indonesia and other South Asian countries before and during World War II. Indonesia and other nations have expressed concern that the Japanese government will change its military policy of self-defence. So, during the visit Kawara repeatedly assured the Indonesian and Singapore leaders that Japan will never again become a major military power and that Japan's defence buildup will never lead to a military threat.

The second purpose of Kawara's visit was to strengthen military relations with ASEAN countries to ensure that avenues of strategic economic importance to Japan protected. Indonesia, Singapore and Malaysia have undertaken joint responsibility for defending the Strait of Malacca, a narrow strip of water through which about half of Japan's total crude oil imports from the Persian Gulf region are shipped. The waterway is often described as lifeline for Japan. Tokyo press reports said Kawara is interested in this development.

But Kawara denied in Jakarta

that his Southeast Asia visit opened the possibility of a military alliance with Indonesia and Singapore to protect shipping through the Strait of Malacca. He said Japanese ships sailing through the strait will be protected by the strength of the United States and by Japan's good relations with the countries bordering the sea lanes that bring its strategic supplies.

The third purpose of Kawara's visit was to gain a first-hand understanding of Southeast Asia's military situation, thus enabling Japan to make informed policy decisions regarding the region. Japan is concerned about the security of Southeast Asia, which occupies an important geopolit-

ical position and is one of Japan's major suppliers of oil, natural gas, timber and other raw materials as well as a large market for Japanese manufactured goods. Reports said Kawara was interested in talking to the Southeast Asian leaders about Soviet military moves in Northeast and Southeast Asia, particularly Indochina. The Soviets, who have a naval base at Cam Ranh Bay, Viet Nam, have reportedly built another base in South Asia.

In terms of expenditure, Japan is on the way to becoming a big military power. Whether its military aims—and the purposes of Kawara's visit—can be achieved remains to be seen.

by Zhu Ronggen

executive body which runs the trade bloc's daily affairs.

The leaders focused their discussions on the creation of an EC monetary union and on the "social repercussions" that the single market could trigger. The leaders came closer on these issues, which Delors described as the two overriding questions facing the community in its quest for European integration.

The summit set up a panel of central bankers from EC nations, headed by Delors, to study monetary integration. On the issue of social repercussions, the meeting said the community will work for synchronized economic and social development. The leaders promised that steps will be taken in the near future to prevent heightened competition among businesses from causing more unemployment.

Observers consider that the summit has given impetus to the creation of a single market and to Western European integration. But difficulties are also predicted in view of the discrepancy in development among the EC member nations, with their total population of 320 million. Federal German Chancellor Helmut Kohl, in winding up his country's presidency of the European Council, called on the community to move rapidly in the direction of integration.

by Le Zhude and Hu Xudong

## EUROPEAN COMMUNITY

### Summit Moves Towards Integration

*The European Community made substantial progress towards integration at its recent summit in Hanover.*

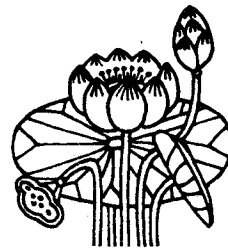
**T**he 39th regular summit meeting of the European Community (EC) marks an important stage in the EC's efforts to create "a single community market without frontiers."

In a break with the past practice of endless wrangling over agricultural, financial and other matters, the recent European Council, as the summit is otherwise called, returned to its original mandate to review past work and plan for the future.

The heads of state or government of the 12 EC member countries began the June 26-27 meeting with a review of the achievements towards European integration made over the past few years, especially in the past six months, during which Federal Germany held the presidency of the European Council.

The community has so far approved 91 of some 300 resolutions envisaged in the 1985 White Paper advanced by EC Commission President Jacques Delors. The resolutions are necessary for a single market allowing free interflow of personnel, commodities, capital and services, the paper said. Last February, a special EC summit in Brussels approved the "Delors plan," which calls for reforms in the community's agricultural and financial policies. Recently, accords have been worked out on the free interflow of capital, road transportation and mutual recognition of school records. These mark major breakthroughs on the road to the single market.

At the summit Delors was unanimously reappointed president of the EC Commission, the



# China's Medical and Health Services

by Our Correspondent Wang Jian

The first Sino-Italian Scientific Symposium on Medical and Health Co-operation held in Beijing on March 26, the day after the inauguration of the Beijing Emergency Centre, equipped with US\$8 million worth of instruments donated by the Italian government.

The bilateral academic exchange provided 200 Chinese doctors, researchers and government officials with an opportunity to learn about developments in medical services in Italy, and, at the same time, more than a hundred Italian experts also gained some idea of the current state of China's medical services.

## Major Achievements

China is a large country with 56 nationalities and 1.07 billion people. A network operates from the village level and urban neighbourhood committees to county towns, provinces, municipalities and autonomous regions, providing all people with medical care and services.

To build an effective and improved socialist public health service suited to China's reality, China has adopted the following policies on medical and health services:

- Prevention first;
- Developing both modern and traditional styles of medicine;
- Giving consideration to both urban and rural areas, with emphasis on the latter, which is inhabited by four-fifths of the country's total population;
- Combining public health work with community programmed activities;
- Adopting social effective-

ness as its highest standard, while striving for economic efficiency;

- Taking various forms, including attracting foreign funds, to develop public health services.

The present medical system offers various forms of free medical care: the medical fees of state cadres and university students are covered by the government, and those of workers, by their industrial enterprises, their children and parents are provided with medical attention at a discount of 50 percent. Some peasants enjoy low-cost or free medical services, provided by grass-roots organizations. There are a few urban and rural residents who need to pay their own medical expense.

The latest statistical data:

Birth rate: 2.077 percent,  
mortality rate: 0.669 percent;  
natural growth rate, 1.408 percent  
(in 1986).

Infant mortality rate: 3.47

percent; mortality rate for women in childbirth: 5 per 10,000 (in 1985).

The average life expectancy for males, 67; for females, 71 (from the sample survey of the State Statistical Bureau in 1985);

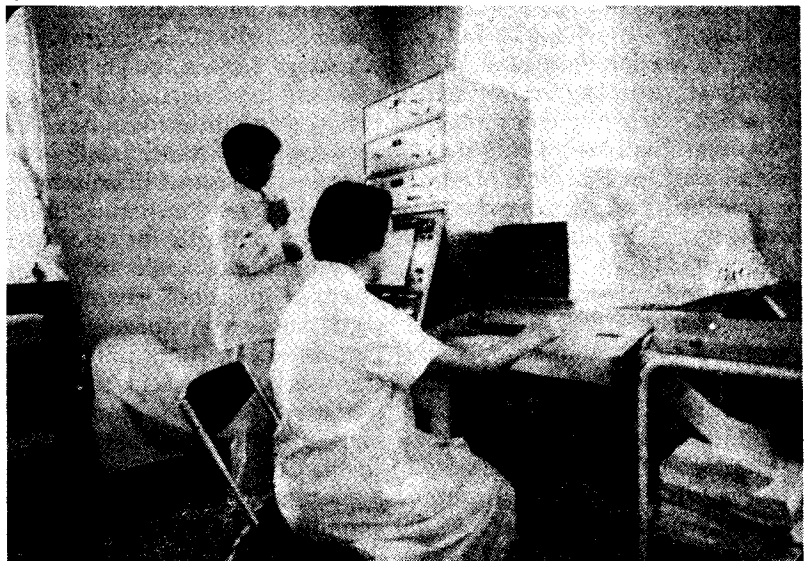
Incidence of infectious disease: 874 per 100,000 (in 1986);

Body immunity within the first year of life BCG vaccine, 70 percent; whooping cough (pertussis), diphtheria and tetanus, 62 percent; poliomyelitis, 68 percent; measles, 60 percent (in 1987).

The country has 203,000 medical and health institutions, of which 59,693 are hospitals, and the rest are outpatient departments, sanatoriums, epidemic prevention stations, drug and medicine examination stations, and more than 300 medical research institutes.

The number of beds in China's medical and health institutions totalled 2.685 million; of this

A doctor at Beijing Hospital checks a patient's lungs with equipment imported from Japan. XUE CHAO





XUE CHAO

**Doctor Zhang Rongzhi of Beijing Hospital gives an acupuncture treatment.**

number 2.404 million are in hospital, an average of 2.25 beds for every 1,000 people, and 1.54 per 1,000 in rural areas (in 1986).

The country's professional health workers number 4.445 million, an average of 3.38 for every 1,000 people; there are 2.14 for every 1,000 people in the countryside (in 1986).

## **Traditional Medicine**

According to its Constitution, China must develop both modern and traditional Chinese medicines. The state has carried out a series of policies and measures to protect and promote traditional Chinese medicine. The State Council has set up a State Traditional Chinese Medicine Administration Bureau, and management and administration bodies for traditional Chinese medicine have also been established in governments at all levels. Every year, the central government earmarks a considerable sum for the development of traditional Chinese medicine.

At present, the country has over 500,000 personnel engaged in

traditional Chinese medical services, nearly 350,000 of them are doctors of traditional Chinese medicine, about one quarter the country's total number of doctors. There are 1,800 or so hospitals of traditional Chinese medicine with 160,000 beds. In addition, there are over 100 medical institutions for the Mongolian, Tibetan, Uygur, Dai, and other minority nationalities with more than 4,000 medical professionals. Most hospitals of Western medicine have also established departments of traditional Chinese medicine to provide inpatient medical care. The country has 28 colleges and 37 medium-sized schools as well as 57 academies or research institutes of traditional Chinese medicine.

Traditional Chinese medicine which enjoys equal status with Western medicine is playing a more and more important role. There are nearly 700,000 rural doctors throughout China, most of whom prevent and treat diseases through both therapies.

Traditional Chinese medicine is unique in its preventative and curative effects on non-epidemic chronic diseases and acute epidemic diseases, such as cardio-

vascular and cerebro vascular diseases, and influenza, hepatitis and dysentery. In cities, more and more doctors of Western medicine are learning about and using Chinese medicines.

## **Medicines**

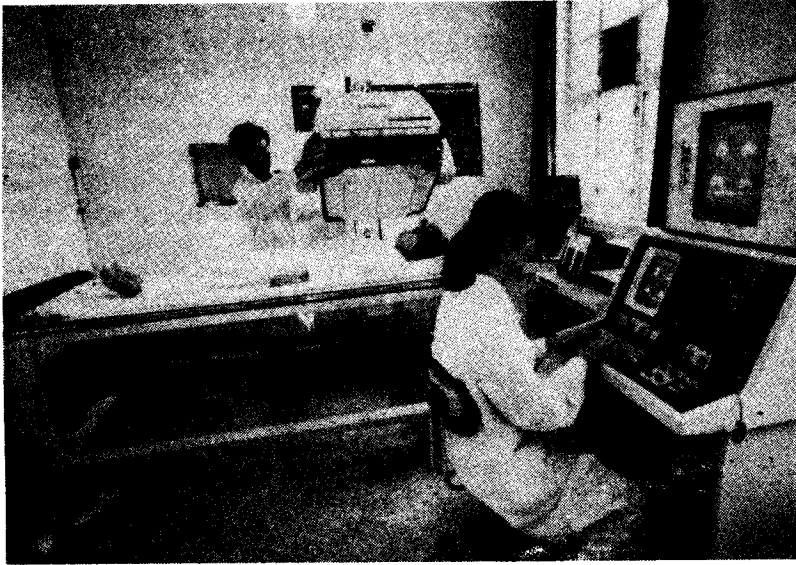
The People's Republic of China published pharmacopeias listing 1,489 kinds of Western and Chinese medicines. There are more than 1,500 medicine management personnel in government, supervising and controlling medicines according to the "Law Governing Management of Medicines."

At present, China produces 3,000 kinds of ready-to-take medicines and 1,200 kinds of materials for manufacture of pharmaceuticals, such as antibiotics, sulfanilamide, anticarcinogens, and vitamins. It has already had a technically advanced medical industry system and exports one third of its raw material medicines and production techniques. At present, the country has more than 800 factories manufacturing more than 2,000 kinds of traditional Chinese medicines in the form of pills, powders, ointments suppositories, injections, tablets and capsules. They are sold both in China and to 80 or so countries and regions.

China has over 350 factories producing medical appliances, such as X-ray instruments, optical instruments, artificial viscera devices and surgical implements. Some of these products have reached advanced international levels.

## **Emergency Treatment**

China's mortalities from cardiovascular and cerebrovascular diseases account for 44.13 percent of the total number of



A brain scan is performed with up-to-the-minute equipment.

XUE CHAO

deaths (based on a survey of 37 cities in 1986), and the number of deaths resulting from injury ranks sixth of all main causes. Emergency treatment is thus receiving more and more attention from government and society.

In Beijing, a network of eight emergency stations was formed 10 years ago at municipal and district levels. It has played a vital role in saving victims of poisoning, electric shock and drowning. The emergency stations contributed greatly to the aid work, for example, during the Tangshan earthquake in 1976.

In 1986, ambulances in every station made over 40,157 emergency calls. Based on an analysis of 10,000 cases ambulancemen between January and October last year, 53.3 percent involved internal diseases, of which 42.7 percent were cardiovascular or cerebrovascular diseases. Treatment for injuries and surgery was needed in 32.3 percent of the cases. Of the 10,000 calls, 657 were serious cases, notably patients of cardiovascular or cerebrovascular diseases.

Since the beginning of the 1980s, some hospitals in Beijing changed the old system of

rostering doctors from every department to take turns on emergency duty. They have now established an emergency department manned by experts and fitted out with advanced equipment. The Fuwai Hospital, well known

for its work in cardiovascular care, brought 96-98 percent of its patients out of danger from 1984 to 1987. The Beijing Jishuitan Hospital, famous for its injury and bone disease treatment, achieved a success rate of 91.2 percent in 1987.

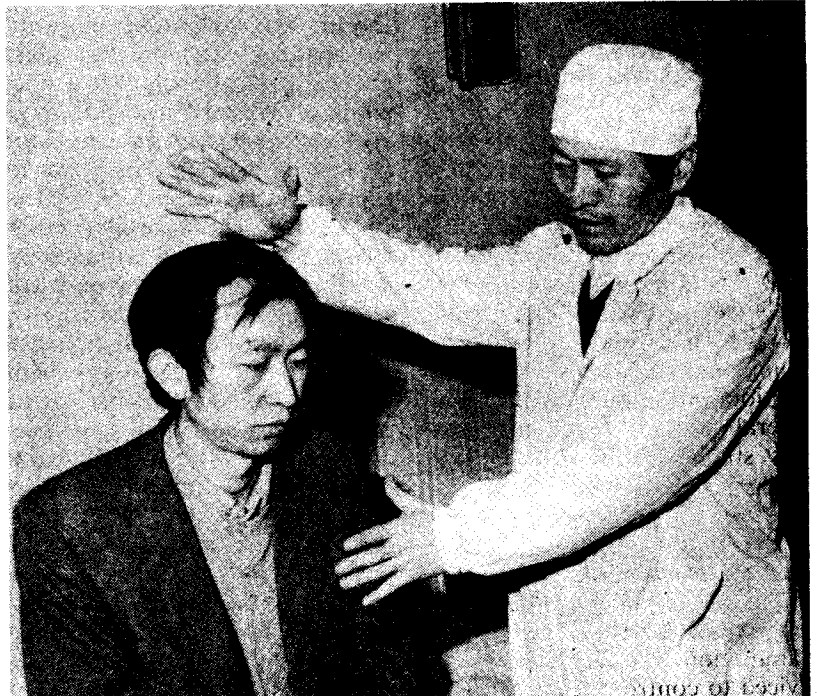
Emergency case is rapidly becoming an independent branch of medical science in China. The first national seminar was held in Shanghai in 1986, and an Emergency Medical Society under the Chinese Medical Association was established in 1987. An International Academic Symposium on City Emergency Medicine was held in Beijing in November the same year.

## Labour Health

China now has 25,000 personnel engaged in research into worker health, and prevention and cure of occupational diseases. Labour Health and Occupational Diseases Prevention and Cure

"Qigong" (deep-breathing exercise) master Zhao Xuezhong treats a patient's cranial nerve.

CHEN ZONGLIE





centres, as well as relevant supervision units and research institutes have been set up in factories and mines at all levels to form a nationwide network for prevention and cure of occupational diseases. At least 6,000 or so beds are provided specially for patients with occupational diseases. The World Health Organization has set up two occupational health co-operation centres in Beijing and Shanghai.

Early in 1956, the state issued a set of rules on factor security and health, and also laid down health standards about the use of insecticides and poisons, working conditions at production sites and environmental pollution in residential areas near factories. Standards have already been established for all parts of China to tackle hazardous elements in the work environment.

Large-scale investigation and research has been carried out on occupational hazards. For instance, a general survey of common poisonings in the work environment from five elements including lead, benzene, mercury, was conducted from 1979-81. From 1982 to 1983, investigations were done on the effects on workers of eight chemical carcinogens, including arsenic (As), benzene and on insecticide poisonings in rural enterprises. The studies provide a basis for introducing preventional measures and formulating laws and regulations on work conditions.

To probe into factors relating to pneumoconiosis, the pathogenic functions of more than 50 kinds of mineral and metallic particles were studied. Efforts have also been made to conduct both field and laboratory studies on industrial chemical substances and farm insecticides. Various toxicants in the air in workshops have also been studied, supervision and examination methods have been devised to control their levels.



CHEN HAINING

**A Tibetan doctor examines a patient at a recently built hospital in Zhongdian, capital of the Diqing Tibetan Autonomous Prefecture in Yunnan Province. The hospital treats 200-300 patients a day.**

With improved working conditions, the incidence of silicosis dropped and the number of cases of occupational poisoning reduced. For example, the incidence of chronic lead-poisoning dropped to 1.69 percent according to the national survey of occupational diseases conducted in 1979.

### **Child Nutrition**

In China, the community and government turned their attention to the medical and health care of the 350 million children below the age of 14. In general, their development is good and their nutrition continues to improve.

Based on the survey of 22 provinces and cities including Beijing and Shanghai, breast-fed children account for nearly 50 percent of the total number of children in cities and about three quarter the number in the countryside. In recent years, the popularity of breast feeding decreased to some extent, especially in large cities. For example, in

the 1950s 81 percent of babies in Beijing proper and 95 percent in its suburbs, or an average of 88 percent, were breast-fed. But now only 22 percent in Beijing proper and 61.5 percent in its suburbs, or an average 41 percent, are breast-fed. According to a survey of some southern cities and towns, almost half the mothers stop breast feeding because they do not understand its advantages. Some infants suffer from malnutrition because they are not given enough nutritional food during the weaning period.

Calorie and protein intake of pre-school children were adequate according to a survey of 75 kindergardents and 55 nurseries by the Chinese Academy of Prevention and Medical Sciences. The intake of all other minerals and vitamins than calcium, vitamin A and riboflavin reached an adequate standard. But the variety and quantity of children's foods cannot meet children's needs and some nutritional ingredients still do not reach required standards. Also, diseases related to poor nutrition, such as

anemia (which has a rather high incidence in some places), rickets, malnutrition, and obesity still have not been effectively controlled.

### Experiences

Chen Yiyi, dermatologist and vice-mayor of the city of Guangzhou, said that to study advanced Western medical skills, it is necessary for us to gradually upgrade instruments of experimentation, diagnosis, and cure. She stressed the importance of information exchange and suggested that medicinal and clinical experience be combined.

Italian Foreign Minister Giulio Andreotti, who presided over the scientific symposium, recalled that the development of friendly

relations between the two countries dates back hundreds of years. The names Marco Polo, Qiao Wanmin and Matteo Ricci immediately spring to mind. A Chinese envoy even travelled to the Persian Gulf 1,300 years ago to gain an understanding of Western culture and civilization.

Andreotti said he appreciates China's confidence in its manpower and material resources. He commended China's open policy as a great step towards creating a more consolidated, mature China. Under the policy, China's trade volume with Western countries increased 3-fold in the past few years.

An Italian doctor, who once studied in China, and a member of the Italy-China Economic and Cultural Exchange Association,

Alvaro Vaccarella pointed out that traditional Chinese medicine was one of the important heritages of Chinese culture. Chinese participants at the meeting were pleased to hear that more than 1,000 Italian doctors had taken Chinese acupuncture as one of their specialities, and continued to practise this form of treatment. Some schools in Italy have set up courses to teach basics of traditional Chinese medicine. A teaching and experimental centre of traditional Chinese medicine is in its initial construction stage in Milano. Doctors, teaching and research staff of traditional Chinese medicine as well as acupuncturists and physiotherapists have made great contributions to medical progress in their country. ■

## Soviet Aid to India Analysed

**The Soviet Union has provided substantial economic and military aid to India on favourable terms since the 1950s. This aid has produced significant results. The United States has provided India with even more assistance than the Soviet Union, but the results have been more limited. In coming years India will seek to diversify the kinds of foreign aid it receives.**

by Wang Hongyu

The Soviet Union began to provide military and economic aid to India in the 1950s. After a clash broke out along the Sino-Indian border in 1962, the Soviets stepped up their assistance to India. After Indian Prime Minister Rajiv Gandhi visited the Soviet Union in 1985 and Soviet leader Mikhail Gorbachev visited India in 1986, Moscow further increased its economic aid to India by a substantial amount.

Soviet economic assistance to India is mainly composed of loans. The few grants are given for use in

showcase projects to serve propaganda purposes. By 1986, the Soviets had provided US\$5.4 billion worth of economic aid to India.

Military aid is an important aspect of Soviet assistance to India. Incomplete statistics show that by 1985 such aid reached US\$5.1 billion.

The Soviet Union has described its relationship with India, which is based on its aid, as a "model of economic co-operation among countries with different social systems." The Soviets encourage

other developing countries to follow India's example in their economic relations with Moscow.

When Gandhi paid a second official visit to the Soviet Union in July 1987, the countries signed a 12-year comprehensive agreement on scientific and technological co-operation. The pact involves the most advanced branches of science and technology, and fields of the future as well as basic research. It includes a wide range of projects in the areas of biotechnology, material science, computers and synchrotron radi-

# Guangxi Zhuang Autonomous Region

Situated in south China, near Beibu Gulf to the south and neighbouring Viet Nam to the southwest, the Guangxi Zhuang Autonomous Region is an area inhabited by many nationalities. Apart from the Zhuang people, there are also Han and other minorities such as the Yao, Miao, Dong, Hui, Mulao, Yi, Shui and Jing. The region has a mild climate, abundant rain and is rich in natural resources. Its beautiful scenery and the richness of its customs and lifestyles attract many Chinese and foreign tourists.

by *Our Correspondent Xu Xiangjun*

Strange and colourful stone scenery  
in one of the many Guangxi Caves.

Guilin is known for its "mountains and rivers topping all those in the world." Photo shows Elephant Trunk Hill in Guilin.





A number of hotels have been recently built in Guilin to meet the needs of the developing tourist business. Photo shows part of the interior of the Guilin Hotel.



Most of the ducks sold at Nanning markets are raised by specialized household duck-breeders in the outskirts of the city.



Fishmongers waiting for the return of the fishing boats at Beihai beach.



Textile products made from quality ramie by the Nanning Silk and Ramie Printing and Dyeing Mill are much appreciated by consumers.



Assembly line at the Liuzhou Mini Car Plant





The markets abound with many kinds of tropical fruits even out of season.



Zhuang brocade, an exquisitely made traditional handicraft of the Zhuang women.



Guangxi pearls—one of the three famous pearls of the world.

A street in Wuzhou City.





This typical Dong architectural-styled bridge is a key relic under state protection.



Spring ox dance, an item performed by the Zhuang people during traditional festivals.



Dong youth dancing the lusheng dance in front of the drum tower.

ation. The Soviet Union also reiterated its eagerness to provide India with its IL-76 airborne warning and control system.

## Background

India is a major country in South Asia and occupies a key strategic position. If the Soviet Union succeeds in strengthening its relationship with India, it can place itself in a most favourable position in South Asia; limit India's relations with the United States, other Western countries and China; and win India's support for its Asia-Pacific regional policy. India is also an important non-aligned country and the development of the Soviet Union's relations with India will affect the non-aligned movement. Moscow is seeking to bring the non-aligned movement into the sphere of its diplomacy. Unlike the forces of monopoly capital in Western countries, whose aim is to pursue immediate super-profits, the Soviet Union sees its relations with various countries from a long-term point of view.

India's aim is to use Moscow's support and the Soviets' contradictions with the United States and China to gain and maintain a leading position in South Asia. Of course, India also wants the material benefits that come with Soviet support and aid. Moreover, the Indian government thinks that by accepting aid from both Western and Eastern countries, it can improve India's non-aligned image and raise its position in the world. Although India says it wants to establish a balance in its relations with the superpowers, it has been putting its relationship with the Soviet Union first.

Since independence, India has been eager to end the extreme economic backwardness caused by some 200 years of colonialist rule. But the country lacks the necessary capital and technology,

and must seek help abroad. India has focused on the development of basic and heavy industries since its second five-year plan (1956-61). Initially it asked the United States and other Western countries to provide aid for its development projects, but they were unwilling to do so. India then turned to the Soviet Union for help.

When Rajiv Gandhi became prime minister, he put forward the idea of "bringing India into the 21st century by means of modern technology." During the seventh five-year plan (1985-90), India intends to invest a total of 3,224 billion rupees (about US\$248 billion), an increase of 87 percent from the sixth five-year plan. With no way to raise so much money within the country, India must seek new ways to obtain aid from other countries, including the Soviet Union, which has proved itself to be an important and reliable source of assistance.

India is a developing country with vast territory and a population of more than 700 million. It provides a large market for Soviet industrial goods which cannot compete in world markets. India can also provide the Soviet Union with some products and raw materials it lacks, such as minerals, raw materials for light industry, foodstuffs and manufactured goods for daily use. By the mid-1980s, 28 percent of India's tea exports, 40 percent of its tobacco exports, 37 percent of its coffee exports, 65 percent of its exports of jute goods and 20 percent of its cotton yarn exports were going to the Soviet Union.

It is against this background of mutual political and economic needs that the Soviet Union has provided aid to India.

## Soviet, US Aid

Along with Soviet aid, India also receives US aid, which is substantially greater. In 1983 US

aid totalled 64.26 billion rupees or 20.1 percent of all foreign aid to India. The Soviets provided 18.77 billion rupees or 5.9 percent. The Soviet Union ranked fourth as an aid donor, behind the World Bank, the United States and Britain. But Soviet aid produces far more results than US aid, and relations between the Soviet Union and India are much closer than those between the United States and India. This can be attributed to the following factors:

First, Soviet aid focuses on helping India build basic industries and its successes are obvious. US aid is mainly used to provide consumer goods and agricultural products such as grain. Most of this aid is consumed.

Some 97 percent of Soviet aid has gone into the industrial sector—93 percent into heavy industry and geological prospecting. This aid helped India lay a solid industrial foundation in the 1960s and 1970s, and gave it the ability to exploit its natural resources and constantly expand its import substitution. Soviet aid has mainly focused on state industrial departments, which control the lifelines of India's economy. The assistance has been a key pillar of the country's state monopolies.

Enterprises which were set up with Soviet aid represent a large proportion of India's gross industrial product. These enterprises account for 60 percent of oil extraction, 30 percent of oil refining, 40 percent of steel making, 41 percent of coal mining and 15 percent of electric power generation. Soviet aid also helps India hold on to its scarce foreign currency and reduce its dependence on imports of Western industrial products. The assistance is directly linked with the development of key basic industries and has a profound influence on India's economic position. Today India is the 10th largest industrial country in the world.

Soviet aid has been instrumental in this achievement.

US aid has taken the form of goods, loans and grants, but the United States has been unwilling to provide India with the industrial equipment it needs. More than 55 percent of US financial aid has gone towards the purchase of grain, other agricultural products and consumer goods. Less than 27 percent has gone into industrial construction, while 17 percent has been invested in transportation and communications, port construction and irrigation. Before the 1970s, US aid accounted for about half of all foreign aid to India. Since bilateral relations cooled over the US stand on the 1971 India-Pakistan war, the proportion of US aid has gradually dropped.

A second difference between US and Soviet aid to India is that the conditions attached to Soviet aid are more preferential. For example, the annual interest rate on US loans is 4.5-6.3 percent and the loans must be repaid in currency which can be exchanged freely; US grain loans must be repaid in US dollars, with annual interest calculated at 3.4 percent in dollars or 4.5 percent in rupees. In contrast, the annual interest rate on Soviet aid is 2-2.5 percent; the repayment term is longer; and hard currency is not required. Soviet credits can be used as the Indian government chooses. Imports from the Soviet Union can be repaid in kind, guaranteeing India a place in the Soviet market and indirectly enabling it to export its products to Western countries at a good price. The Soviet Union accepts repayment in traditional products such as jute and tea, while the United States demands monazite, beryl and other strategic materials.

Soviet concessions show up particularly in military aid. Some 70 percent of India's weapons currently come from the Soviet Union. To shore up India's

military strength, the Soviet Union provides advanced weapons at prices which are advantageous to India and on preferential terms. The repayment period for loans to buy munitions is 12-17 years and can be prolonged by two years. Interest is at a nominal 2-2.5 percent.

The Soviets do not restrict India from importing weapons through other channels or dictate how their own weapons are to be used. They have gradually eased security restrictions and are now jointly producing weapons with India to promote the basic structural transformation of the country's armament, while continuing to provide weapons and equipment to fulfil India's immediate needs. After a bargain is struck, delivery is rapid and Soviet military technical personnel are quickly sent to India to install equipment and implement a training plan. Thus, military aid is one of the most effective, flexible and lasting means by which the Soviet Union consolidates its presence in India.

Between 1962 and 1965, India received US military aid worth US\$92 million to buy an air defence radar communications system and equipment designed for fighting in hilly areas. But in May 1964 alone, the Soviet Union sold India weapons worth US\$130 million, including its An-12 air freighter, air-to-air missiles and a Sam-2 surface-to-air missile defence system. Between 1964 and 1974, India received weapons worth US\$1.328 billion from the Soviets. The United States supplied only US\$47 million worth of weapons in the same period. In 1979-83, Soviet weapons totalled US\$3.4 billion and US weapons US\$40 million. After the Soviets went into Afghanistan, Moscow further strengthened its military aid to India. In 1980 it provided a US\$1.63 billion military aid loan for which it agreed to accept

repayment in rupees over a 17-year term.

In recent years, India has moved increasingly to liberalize its economy and import Western technology. The Soviet Union is worried that India will lean to the West and this has led Moscow to increase its aid. At the start of the 1980, India launched a large-scale arms expansion plan. Its military expenditure for 1987-88 is estimated at 125.12 billion rupees or three times the 1980 figure. Military spending represented 19.8 percent of gross budget spending, compared with an average of 16.2 percent in the first six years of the 1980s, and accounted for a record high of 5 percent of gross national product, compared with 4.8 percent in 1963, the year after the China-India boundary conflict. The Indian government also allocated US\$1 billion to develop nuclear energy and space technology—a heavy burden for India's stretched economy.

Cheap Soviet military aid obviously has strong attraction for India, while the munitions trade provides opportunities for the Soviet Union to balance its trade deficit with India. The Soviets provide a stable supply of weapons without asking for payment in hard currency. Moreover, Soviet weapons are easy to operate and maintain, sturdy and reliable in fighting, and constantly being improved. Reports say the Soviet Union has agreed to provide India with an advanced MiG fighter that even the Warsaw Pact countries do not have.

In contrast, the United States puts more conditions and restrictions on its weapons sales to India and it has frequently refused to sell advanced weapons: Its weapons are more expensive and must be paid for in foreign currency. Maintenance procedures are complex and parts difficult to obtain.



## Impact of Soviet Aid

Opinions about Soviet aid to India differ. Based on objective analysis, the following points can be made:

1. Soviet aid has played a definite role in developing India's industry, science and technology. When India first gained its independence, it required a lot of foreign currency to import the modern equipment and technology it needed to revamp its old production structure. Soviet assistance eased the immediate need for foreign exchange while providing urgently required machinery, equipment and technology, thus enabling the country to carry out its industrialization plan.

The Soviets have helped with more than 80 major projects since February 2, 1952, when they agreed to provide loans for the construction of the Bhilai steel plant. The projects—in fields including petroleum, chemicals, iron and steel, metallurgy, power stations, automobiles, machinery, textiles, electronic communications and computers—have formed the foundation of Indian industry. The Soviet Union has also trained many scientific and technological personnel as part of its aid to India. Soviet economic aid has strengthened India's capacity for self-reliance and sped up industrial modernization.

2. Soviet aid has helped India solve the problem of shortage of funds. The country has been able to devote only a small portion of its national income to capital accumulation and investment and has needed foreign aid to carry out its five-year plans. Besides providing investment funds and helping to build the huge projects on which national economic development hinges, Soviet aid has promoted India's domestic capital accumulation. The projects built with Soviet assistance have provided Indians with opportun-

ities for investment and profits, thus promoting confidence in the economy and increasing domestic investment.

3. Substantial Soviet military aid helped to rapidly build India's military strength. The aid dates from 1955, when the Soviets provided India with two Il-14 transport planes. During 1965-80 India accepted an estimated US\$1.8 billion in Soviet military aid. The Soviet Union has provided weapons, as well as equipment for munitions factories. It has supplied nearly 1,000 planes of different types, dozens of warships, more than 1,100 tanks, and more than 550 cannons, as well as at least three plants to make, maintain and repair MiG aircraft. India will soon be able to produce the most advanced MiG planes, tanks, submarines and missile-equipped escort ships. The Soviets have provided India with super-computers, and are ready to expand or explore bilateral cooperation in rockets, satellites, space flight and lasers. As a result of Soviet aid and the attention of the Indian government, India's sophistication in defence has developed with eye-catching rapidity. The army has expanded its forces and weapons; the navy has moved into distant waters; and the air force has constantly improved its planes and other equipment. India has become the No. 1 military power in South Asia.

4. India can point to the favourable conditions attached to Soviet aid when it tries to push the United States to ease the conditions on its assistance. Consequently, Washington has begun to help India develop some important industries—such as iron and steel, petroleum, pharmaceuticals—which it originally refused to do. On May 17, 1985, the United States and India signed an agreement on the transfer of advanced US computer technology. In September of the

same year, the Reagan administration approved the sale to India of US\$49 million worth of high technology. In October 1986 Washington approved the sale of super-computers to India.

5. India has supported and cooperated with the Soviet Union in diplomacy. On major international issues India's stand often favours the Soviet Union and at international meetings India frequently supports Soviet proposals. For example, unlike other countries of the non-aligned movement, India supported or adopted an ambiguous position when the Soviet Union sent its troops to Czechoslovakia, backed Viet Nam's invasion of Kampuchea and sent its troops to occupy Afghanistan. India also supports the Soviet stand on disarmament. It has praised the Soviet unilateral halt to nuclear tests and Soviet leader Mikhail Gorbachev's proposal for the elimination of nuclear weapons by the end of this century. On the other hand, India often criticizes US obstinacy on disarmament, demanding that Washington give up its "Star Wars" programme, stop the nuclear arms race and reach an agreement with the Soviet Union as quickly as possible on a halt to all nuclear testing.

6. There are some problems with Soviet aid to India. The heavy-industry projects in which the Soviet Union has participated take a long time to complete. Funds are tied up for lengthy periods, resulting in major losses. The projects are largely designed by Soviet technical personnel and the machinery and equipment are provided and installed by the Soviet Union. Cost is not a key factor in many projects and delays have sometimes resulted in major cost increases. A typical example is the Bokaro steel plant. Construction was started in 1976 and completion was delayed eight times. The original cost estimate

was 6.22 billion rupees but the actual cost was 9.81 billion rupees.

Soviet aid affects India's five-year plans. Frequent changes in the amount and pace of aid, therefore, can disrupt the country's plans while aid earmarked for special projects cannot

be used to fulfil other needs. Increases in Soviet aid also increase India's debt burden.

Because of the co-ordinated strategic interests of India and the Soviet Union, they need each other economically and therefore will continue to maintain close

political and economic relations. But India will seek to broaden its sources of foreign aid, because it wants to have more choices in diplomacy, avoid being too dependent on the Soviet Union and obtain more aid with more favourable conditions. ■

THE ABC OF INVESTING IN CHINA (XIV)

## Raw Materials: Prices and Supply

**At present, China is in a period of transition from the old to the new economic system, so the coexistence of two pricing and supply systems is unlikely to change within a short period of time. All Chinese enterprises are therefore more or less influenced and even major construction projects cannot be guaranteed sufficient state planned supply.**

by Our Correspondent Yue Haitao

**S**ino-foreign joint ventures have two possible ways of purchasing raw materials on the domestic market: one through the distribution of materials according to state plan at relatively low state-fixed prices and the other through purchasing on the market, at relatively high negotiated prices.

Raw materials allocated by the state include coal, petroleum, rolled steel, timber, cement, electric power, machinery, motor vehicles, grain, cotton and oil-bearing crops. At the beginning of each year joint ventures declare their plans for goods and material supplies. After approval, this plan is brought into the orbit of the state plan. Actually, the joint venture can only buy a small proportion of the goods they require at fixed state prices; most of the goods and materials must be bought directly at market prices.

Some foreign businessmen complained that the enterprises in which they invest, unlike state-owned enterprises, could not buy materials from the government at state-listed prices. These complaints stem from a basic

misunderstanding of China's present-day pricing and supply system.

From the early 1950s to the end of the 1970s, most of the means of production and consumer goods were controlled by state planned purchasing and marketing, and prices fixed by the state remained unchanged for a long time. Prices for raw materials and fuel are obviously lower than those of processed goods. Enterprises may, according to their needs, apply to the state planning department and the department in charge of goods and materials. These departments will allocate materials to enterprises according to plan.

Since the economic structural reform in 1979, the market mechanism has been gradually brought into play, controls through mandatory plans reduced, and free markets with high-priced commodities opened up. At present, China is in a period of transition from the old to the new economic system, so the coexistence of two pricing and supply systems is unlikely to change within a short period of time. All

Chinese enterprises are therefore more or less influenced and even major construction projects cannot be guaranteed sufficient state planned supply.

Generally, the current situation in China is that one good has at least three different prices. Take industrial oil for example. Its price per ton can be 115 yuan, 145 yuan, or 490 yuan. The first price is the state-fixed price, the second is the state-guided price (that is, the state-set floating scale), and the third is the present market price.

**The State-Fixed Price** is usually the price for materials allocated according to plan, including such raw materials as coal, petroleum, rolled steel, timber, cement and electric power, as well as most daily necessities supplied to city residents such as grain, cotton and oil-bearing crops, all of which are sold at the lowest price according to planned allocation. These commodities are subsidized by the state and the selling price is much lower than that on the intern-

ational market, so every enterprise will, of course, hope to obtain more materials through this supply channel.

**The State-Guided Price.** To relax the strain on the supply of materials, the Chinese government decided in 1982 that the products outside the state planned market might be sold at a higher price than the state-fixed price, but that the margin should not exceed the level laid down in state scales.

**The State-Regulated Price.** After further deregulation of prices, major production materials including coal, petroleum and rolled steel, which were not earmarked for unified distribution, and staple goods such as food grain and cotton could be sold at market prices, which float with changing commodity value and market supply. The law of commodity value is thus embodied.

At present, raw materials purchased by state-owned enterprises at state-fixed prices account for only 20 percent, at most 40 percent, of their needs. The rest must be bought on the market. Generally, almost all the raw materials needed by collectively owned enterprises are bought at market prices. Chinese experts predict that with the improvement and development of the country's capital goods market, the state planned distribution of materials will play a progressively smaller part and eventually be fully replaced by market goods and materials.

An important part of China's policy of introducing foreign funds is to encourage Sino-foreign joint ventures to draw raw materials from domestic supply channels (though China is not able to meet all their needs). As most of China's material prices are lower than those on the international market, joint ventures using locally available materials can reduce costs and transport time. This is not only conducive to

cutting production costs and raising the competitiveness of their products, but also to the joint ventures' disbursement of foreign exchange. The Zhong-Da Garments Co. Ltd. in Changzhou City, for example, produces corduroy clothing for the international market, and has been making large profits for many years. Because the Changzhou area is a major producer of high quality corduroy, the price of the end product can be kept down, making the company's garments very popular on the international market.

As for material supply and pricing, the Chinese government adopted a policy of equal treatment towards Sino-foreign joint ventures and Chinese state-owned enterprises and in some cases even offered more preferential terms to the former.

■ Sino-foreign joint ventures may use either foreign exchange or RMB yuan at international market prices recommended by the state foreign trade department or the State General Administration for Foreign Exchange Control, when purchasing raw materials such as gold, silver, platinum, petroleum, coal and timber for manufacturing export products. These commodities are China's major foreign exchange-earning products. Purchasing these materials in China can both ensure a guaranteed source and reduce transportation costs.

■ Joint ventures may use foreign exchange for payment, with reference to international market prices, when procuring goods for export or imported commodities from Chinese foreign trade companies. Export commodities purchased by joint ventures generally carry free-on-board prices to reduce transportation costs, insurance premiums and other such expenses.

■ Other goods and materials than the six kinds mentioned above purchased by joint ventures

to produce for sale on the Chinese market, and expenses for water, gas, heat, transport, labour service, design and engineering, technical consultancy and advertising will be tagged with the same state-fixed prices as those purchased by Chinese state-owned enterprises. They may pay with RMB. If the supply department demands accounts to be settled in foreign exchange, joint ventures may refuse to pay, as the department is violating state regulations.

Because of the rapid development of the industrial revolution, no country in the world today can completely meet the needs of all its industries. Sino-foreign joint ventures may purchase abroad themselves when raw materials and substitutes are not available in China, or when they are unsatisfied with the quality, quantity or price of Chinese materials. If the materials they import are used to produce export commodities, they will be exempted from import duties. Compared with Chinese state-owned enterprises, joint ventures enjoy full decision-making power and more preferential treatment.

Several years ago, many joint ventures left the work of purchasing abroad to the responsibility of their foreign partners, resulting in disputes over prices between the two parties. In order to avoid disputes, foreign parties now ask the Chinese side to join in formulating purchasing plans and deciding on prices.

Since the end of last year, raw-material supply organizations have been established specially for joint ventures in Beijing, Tianjin, Shanghai, Guangzhou and Dalian and in other cities.

For example, in just one month after its establishment, the Shanghai Goods and Materials Service Company provided 16 joint ventures with 860,000 yuan worth of goods and materials unavailable on the markets. ■

# Retired Staff and Workers

## International Studies

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China's Foreign Relations: A Chronicle

According to statistics, by the end of 1987 China had 19.68 million retired staff members and workers (including those who quit their jobs early and receive regular payments for living expenses), 1.63 million or 9 percent more than the number at the end of 1986. The figure is higher than the employment growth rate of 3.2 percent for the same period.

Of the total number of retirements, 14.24 million or 72.4 percent were from state-owned units; 5.38 million or 27.3 percent from collectively run units; and the remaining 60,000 or 0.3 percent from units with other forms of ownership.

About 2.21 million (11 percent) retired before 1978; 12.21 million (62 percent) during the 1979-84 period, and 5.26 million (27 percent) after 1985.

Considering the ages of retired workers, 1.85 million (or 9.4 percent) were above 70 years old; 5.01 million (25.5 percent) were between 65 and 69; 5.76 million (29.3 percent) fell into the 60-64 age group; 4.16 million (21.1 percent), the 55-59 age group; and 2.9 million (14.7 percent) were under 54.

As the number of the retired staff members and workers rises, the ratio of retired workers to in-service workers has dropped to 1:6.7 last year from 1:7.1 in 1986.

Many retired people are in good health and rejoin the labour force again after retirement. A survey by the city statistical bureau of 400 households and 209 retired workers in Wuhan shows that 20 percent of retired workers and staff have rejoined the work force. About 64.5 percent of them took new jobs because they want to make full use of their skills and contribute to the socialist cons-

truction in their remaining years. Another 22.5 percent want to increase their income and save for the marriage of their children. Only 13 percent expressed their need for physical or intellectual stimulations.

Last year, labour insurance and welfare paid out to the retired totalled 23.81 billion yuan (including subsidies for rising meat prices). It was 4.35 billion yuan or 22.4 percent more than 1986. Of the benefits granted by state-owned undertakings (including subsidies for difficult families and for nonstaple food and meat) retirement payments account for 79.8 percent (a 21 percent increase from 1986); medical fees, 11.9 percent (a 46.9 percent increase); nursing fees 0.4 percent (46.3 percent up); funeral expenses and pensions for the families of the deceased, 1.9 percent (a 22.6 percent increase); and other fees, 6 percent (a 38.1 percent increase).

Labour insurance and welfare payments to retired workers by the state-owned undertakings last year averaged 1,476 yuan per capita, 12.2 percent more than the previous year. Excluding medical fees, funeral expenses and pensions for the families of the deceased, payments amounted to 1,177 yuan per person, an increase of 8.9 percent, a rate similar to the price rises. Many retired people complain about the price hikes, especially those who retired earlier and are on low retirement pay.

A survey by the Anhui Statistical Bureau of 937 retired workers from the Hefei Spectacles Factory and six other units in Hefei City indicates that 11.5 percent receive retirement pay of less 50 yuan a month. A problem that urgently needs to be solved is how to subsidize those who find it difficult to meet living costs.

## Number of Retired Workers at the End of 1987

Unit: thousand

Region	Total number of retired staff and workers			Ratio of retired workers to in-service workers (taking the retired as 1)		
	Total	Of which		Total	Of which	
		Retired from state-owned units	Retired from collectives		In state-owned units	In collectives
Total	19,684	14,247	5,379	6.7	6.8	6.5
Beijing	638	473	165	6.4	7.0	4.3
Tianjin	481	344	136	5.9	6.2	4.9
Hebei	611	474	137	10.0	9.8	10.4
Shanxi	454	361	93	9.0	8.8	10.0
Inner Mongolia	410	341	69	8.4	7.6	12.0
Liaoning	1,720	1,115	578	5.6	5.7	5.6
Jilin	627	475	152	7.8	7.0	10.1
Heilongjiang	1,096	907	188	7.4	6.3	12.6
Shanghai	1,455	1,038	414	3.5	3.8	2.5
Jiangsu	1,280	727	539	6.6	7.0	6.1
Zhejiang	709	411	295	6.5	6.4	6.5
Anhui	616	433	183	7.4	7.1	7.9
Fujian	414	294	119	7.1	7.0	6.9
Jiangxi	531	419	112	6.9	6.7	7.5
Shandong	1,034	727	306	6.6	6.7	6.3
Henan	729	565	164	8.8	8.6	9.5
Hubei	914	663	250	7.2	7.4	6.8
Hunan	808	576	232	6.4	6.7	5.5
Guangdong	1,220	824	393	6.7	7.0	5.7
Guangxi	324	239	85	9.1	10.0	6.6
Sichuan	1,667	1,179	487	5.3	5.6	4.6
Guizhou	270	225	44	7.8	7.7	8.8
Yunnan	370	305	64	7.4	7.6	6.4
Tibet	19	18	1	8.3	8.1	10.0
Shaanxi	444	341	103	8.1	8.5	6.6
Gansu	235	210	25	9.2	8.8	12.2
Qinghai	89	80	9	7.2	6.8	11.0
Ningxia	71	62	9	8.5	8.3	10.4
Xinjiang	448	421	27	6.2	5.8	12.8

## Venom: A Boon for Cancer Patients

### "GONGREN RIBAO"

(Workers' Daily)

The thought of venomous snakes sends cold shivers down the spine. Venom has harmed innumerable people since the beginning of history. Now, however, it has become a strong adversary of cancer in a Shanghai hospital. In the past 10 years, thousands of cancer victims have been given a chance of survival thanks to "787" venom pills.

Not long after the Spring Festival (Chinese lunar New Year), the weather in Shanghai was still cold. The Venom Outpatient Department of Shanghai's Xinle Regional Hospital was filled to capacity. Among the cancer sufferers there was one woman getting on for 60. She showed a fine mental attitude and was quick in her movements. Who would have thought she was suffering from liver cancer and was told two years ago that she would live only for three months because her illness had reached an advanced stage?

"My pain has been progressively alleviated and my appetite has begun to return since I started taking "787" venom pills produced by the Venom Outpatient Department. Now, I can do some housework and look after my grandson," she said happily.

Since the opening of the Venom Outpatient Department in 1978, it has received more than 20,000 patients. Its treatment has proved effective in more than 70 percent of the cases.

With regard to the seemingly magical power of snake venom, Zhu Shitai, head of the hospital, said, "The major components of venom include protein, polypeptide, two nerve toxins composed of amino acid and anti-coagulation blood components. Thus, snakes

can swallow rats without rejecting the bones depending on the digestive ability of their venom."

In 1971 several doctors at the hospital began to study the use of snake venom in medicine. After several years of efforts, they produced the "787" venom pills. Ten years of clinical practice has shown that the pills have an

excellent curative effect on cancer, as well as on heart and skin diseases.

Last October the Traditional Chinese Medicine Department of the Shanghai Municipal Public Health Bureau tested the pills on animals. The pills checked the development of liver cancer in 83.7 percent of the test cases. The tests advanced doctors' theoretical understanding of venom's unique effects in the treatment of cancer.

(March 8, 1988)

## Reforms Affect Social Psychology

### "SHE HUI"

(Society)

A recent public opinion poll conducted in 40 Chinese cities found that 79.1 percent of the people surveyed were optimistic about the future of the country's reform programme; 59.8 percent said their lives had improved since the reforms were launched in 1978. But the survey also showed that some contradictory psychological trends have emerged with the extension of the reforms in various fields.

**Contradiction between initiative and conservatism.** The increasing development of international economic co-operation and technological exchange has begun to break the bonds of complacency and conservatism. At the same time practices associated with the reforms are pounding away at some old ideals. This is today's main trend in social psychology.

**Contradiction between high aspirations and low productivity.**

The economic development and social progress brought about by the reforms and open policy have heightened people's desire for reform and their sense of wanting to be part of it, and increased their desire to attain higher productiv-

ity and living standards. But the poll also showed that while many people want to participate in the reform, they are reluctant to take risks; they want higher productivity and living standards but are unwilling to cast away the "iron-rice-bowl" practice. They are frightened when reforms sometimes interfere with some people's immediate interests. This psychological phenomenon has seriously held up the development of reform.

**Contradiction between sense of commodity economy and traditional moral concepts.** On the one hand the commodity economy can help improve social morals; on the other it contains elements that can hinder healthy moral development. In recent years the trend of putting materialistic interests before morality and justice has emerged in Chinese society as a result of negating revolutionary heroism and the spirit of total devotion to others without any thought of self. Regarding the relationship between the individual and society, a trend towards putting the individual first has appeared. It is manifested in individual egoism and self-realization.

(No. 3, 1988)

# China's Reform Affects Asia-Pacific Region

**R**eform and opening up—the two main engines of China's economic development—will promote the steady, healthy and rapid growth of China's economy. Thinking over the effect of China's economic development on the Asia-Pacific region, I consider that China's reform and opening up, as well as its economic development, will exert a great and profound influence on the economic structure of the region.

First, China will provide a firm agricultural foundation for the region's economies.

China's national economy is based on agriculture. In the next 10-15 years, we will continue to make great efforts to extend rural reform and speed up agricultural modernization. We must bear in mind the negative examples of some developing countries which have either clung solely to agriculture or single-mindedly pursued industrialization to the neglect of their agricultural foundation. China, as a big country with a population of more than 1 billion, must attach even greater importance to agriculture than other developing countries. In terms of foreign trade structure, while trying to increase exports of industrial products, we should also energetically seek to increase exports of agricultural produce and processed farm products. With help from China's flourishing agricultural sector, the Asia-Pacific region can reduce its dependence on farm produce and processed products from outside the region, thus overcoming one weakness of the area's economic structure.

Second, China's reform, opening up and economic development can be strategically co-ordinated with the region's industrial structural development.

China's current production structure is still at a backward stage, consisting mainly of primary industry, labour-intensive industry and the processing of primary products. But the country has, in a preliminary way, set up an integrated national economic system. It has a substantial industrial base. High-technology industry has been established and, although it currently accounts for only a small proportion of gross output, some fields such as space technology and electronics have achieved a considerable foundation and level. At the same time, our productive forces and regional development are very imbalanced. Our industrial policy should foster many-sided development, rather than concentrating on developing one sector to a high level. It should allow industries of different types and levels to coexist and complement each other so as to promote and generally revitalize the whole national economy.

The Asia-Pacific region is adjusting its industrial structure and raising its industrial level. It is expected that by the end of the century, some members of the Association of Southeast Asian Nations are likely to be new industrial countries; the "four little dragons"—Singapore, Hong Kong, Taiwan and South Korea—may have achieved developed industrial status; and Japan may be practising "global enterprise management," that is, producing all over the world and selling all over the world. If this occurs, they will need to transfer out the production of many goods (including intermediate products), as well as technology, whole industries and a large amount of capital. This will provide opportunities for China to make use of

foreign capital (mainly direct investment) and import technology. We should use our geographical position and cultural similarities to open up much further and take full advantage of all these opportunities.

Some people in the Asia-Pacific region consider that China's investment environment is poor and hesitate about putting their money here. China's investment environment has improved in recent years. It will improve further only in the course of investment and development. Looking at China's situation, far-sighted investors should find it easy to overcome their hesitations about doing business here. This will benefit not only China. The participation of China is required if the Asia-Pacific region is to establish a rational regional division of labour which can help speed up the development of the industrial structure and realize the necessary economic adjustments and transformations. Only on this basis can steady, rapid economic growth be guaranteed.

Third, economic progress in China will provide an enormous new market within the region.

China will undoubtedly pay attention to developing its potential domestic market into a real one. To do this, it must make effective use of international resources—including manpower (mainly technical expertise), materials and financing. Some people see China as potentially a huge, attractive market. Others worry that helping China to modernize will foster the growth of a strong rival. But China cannot become that strong in a short time, and various countries and regions generally both compete with and complement each other. On the

# Another 'On the Roof of the World'

by Robert C. Friend

## Tibet on the Roof of the World (in English and Esperanto)

Edited by: El Popolo Cinio Magazine

Published by: China Esperanto Press, Beijing, 1987

Distributed by: China International Book Trading Corporation (Guoji Shudian)

P.O. Box 399, Beijing, China

In this past year I have received a half dozen books on Tibet. In America, books on the same subject come out one after the other because the reading public demands them. Here, I suspect they are coming off the press in order to tell the truth about Tibet and thus shame the Dalai Lama into behaving himself and making no more silly nonsense noises about independence.

Anyway, *Tibet on the Roof of the World*, can be considered one of the best of them. For one thing, most of its excellent color photos were not simply taken from old files, but are new and truly capture daily life in Tibet. For another, its chapters are short and deal with almost everything, from eons ago when Tibet was the bottom of a sea, to today when trucks compete

with yaks.

It is not a book for researchers. It does not mention, for example, that both the Dalai Lama and Baingen Lama signed the agreement with the central government in 1951 that liberated Tibet. It passes over the 1959 serf-owners' rebellion, and says little about the democratic reform that began that year, ending one of the world's worst serf and slave systems, and freeing Tibet so it could become an equal member of the Chinese family of nationalities.

But it is a good book for browsers. Apart from excessive adjectives and superlatives, even the chapter titles are interesting—"On the Land of the Ancient Guge Kingdom," "From Yak Trails to Highways," "The Former Nobles," "Different Nationalities in Tibet," "Religion in Tibet," "Tibetan Customs."

The most outstanding feature of the book, I think, is that it has revealed Tibet, not with the old stereotyped phrases but by getting down into the everyday life of its peoples, especially its minorities. This is done well in the last six chapters. The one on races other than Tibetan is especially

moving—and reveals how China's policy on minority nationalities really works, even in very remote and backward parts of Tibet.

I have a "thing" about critics who do not criticize but only praise. A book review should give a balanced picture of the critic's opinion. Thus I'll add a few points, minor perhaps but ones that catch the eye.

Few foreign readers know Mount Qomolangma. Could the editor have inserted "Mount Everest" in parentheses to help them out? (Same for "The Chinese People's Political Consultative Conference." What's that?) A note on statistics: some are necessary, of course, but overdone they bore; chapter I has 6 per page; Chapter IX has 16 per page; Chapter X wins with 27 per page.

And, as I recommend the book, a last comment: Like any other part of China, Tibet has problems, lots of them. A thoughtful chapter on these would have rounded things out nicely. (P.S.: I'm glad the editors didn't drag in the Dalai Lama—because Tibet is the mountain; he's the mole hill.)

one hand, they are rivals and on the other hand they provide each other with markets—the healthier the economy, the larger the market.

Through joint efforts by domestic and international forces, China's large, attractive potential market will be turned into an even more attractive real market. The development of China's market will greatly expand the inner market of the Asia-Pacific region.

It will also give the region more room for manoeuvre in the global economy, reduce its reliance on the markets of some developed countries, and make it less susceptible to economic instability caused by fluctuations in the international market. Moreover, the region will be able to remain aloof from trade clashes to a certain extent. In short, it would be extremely short-sighted to avoid taking the initiative to

develop China's market out of fear that China will become a rival at some point in the future.

China is ready to open up to the whole world, but China is, after all, in the Asia-Pacific region. Thus it is particularly interested in the region's development prospects and future economic structure and is anxious to contribute to the region's economic development.

by Xu Guihua



## Xinjiang Welcomes Foreign Investment

Xinjiang is China's largest region. Located in the far northwest, it covers 1.66 million square kilometres and has a population of over 14 million. Rich in water resources, fertile farmland, wide open grassland and other natural resources, Xinjiang is famous for its high-grade cotton, hemp, sugar, melons and many other varieties of fruit. While beneath its soil lie vast quantities of untapped oil, coal, nonferrous metal, and mineral deposits.

On July 4, the region's government held a news briefing in Beijing. To attract foreign investment, several preferential provisions have recently been published. These include simplifying procedures of examination and approval for new ventures, guaranteeing the supply of energy, transport and raw materials, and handing more decision-making power in operation and management over to foreign-funded enterprises.

This September, Xinjiang is expected to hold a symposium on overseas economic and technological co-operation in the region's capital, Urumqi. Foreign investors will be welcomed for talks about investment and business. The main areas for investment include agriculture, animal husbandry, the power industry, telecommunications and transport, raw materials, light industry, textiles, food, oil, petrochemicals and nonferrous metals. Imports of advanced technology and equipment are particularly welcomed to speed up the transformation of existing enterprises and industries.

At present, 93 projects are up and running with 1.1 billion yuan's worth of investment—half of which comes from abroad. Of

these, 63 are foreign-funded enterprises, 12 are enterprises using imported technology and eight have lease or contract agreements with foreign businessmen.

To date, Xinjiang has established economic relations with more than 50 countries and regions around the world. Clients from 21 countries and regions have invested in the region. During the last ten years, Xinjiang has seen rich harvests. Its infrastructure has also improved. The transport network has developed rapidly with highways connecting all cities and rural areas.

The Lanzhou-Xinjiang Railway now extends both south to Korla and to the west. To the north, the railway should reach the Soviet Union in 1990, creating a second rail link between China and Europe.

The Xinjiang Airline Co. has regular flights between all the major cities in the region, and from Urumqi to Beijing, Tianjin, Shanghai, Guangzhou, and other cities in China. International flights to West Asia should soon follow.

A direct long-distance telephone service to connect Xinjiang with most cities inland and abroad is being swiftly developed, and a ground satellite station is already in operation. ■

### Fears Hinder Satellite Trade

China's satellite launching service is being hindered by misplaced fears over the transfer of advanced technology, Chen Shouchun, chief engineer at the

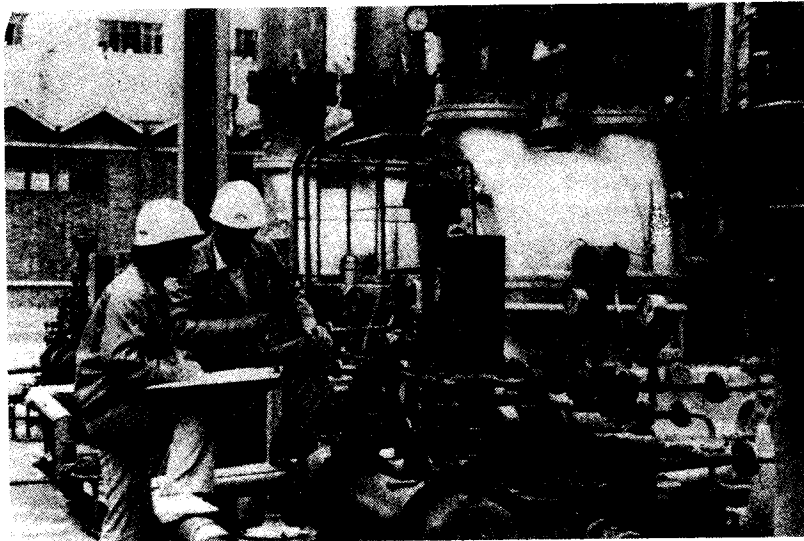
China Great Wall Industry Corp., said recently.

He expressed his hope that the Co-ordinating Committee for Export Controls (COCOM) in Paris would reach a clearer understanding of the kind of business the corporation offers. Although COCOM has progressively relaxed restraints on Chinese trade in recent years, it still strictly controls the import of highly sophisticated scientific products. Clearly to launch foreign-made satellites, they have to enter China. If a company whose country is a member of COCOM wants to sign a contract with China to launch satellites, it needs approval from COCOM and an export certificate from its own government.

It is equally clear, said Chen, that there is a great difference between the launching service offered by China and transfer of rocket and satellite technology. He said claims that China deliberately underpriced its satellite launching service to attract foreign business were false. CGWC is an enterprise responsible for its own profits or losses. It cannot rely on government subsidy, on the contrary, it has to pay tax to the state. It enters the international market solely on the basis of its own advanced technology. ■

### Imported Machines Aid Yanshan Plant

The No. 1 Chemical Plant under the Beijing Yanshan Petrochemical Corp. has registered good economic results since installing equipment imported since 1980 from Japan, the United States and Federal Germany. The various pieces of equipment have aggregated production capacities of 300,000 tons of ethylene a year, 180,000 tons of high-pressure polyethylene, 60,000 tons of



XUE CHAO

**Workers of the No. 1 Chemical Plant under the Beijing Yanshan Petrochemical Corp. check cracking machines.**

glycol, 100,000 tons of benzene and 27,000 tons of xylene.

The plant is one of the largest modern petrochemical enterprises in China. The imported equipment required 412 million yuan of the total 765 million yuan investment in production devices. The ethylene production devices are used to turn out 300,000 tons of ethylene, 176,000 tons of propylene, gasoline and other diesel products. Of two dozen varieties produced, glycol has been awarded a gold medal by the state, and polyethylene and pure benzene won silver state awards. Another nine products have entered the world market.

Yang Shubin, director of the plant, said that although the imported ethylene equipment is advanced technologically, many problems still exist in production. The plant made 400 technical alterations to the imported equipment, greatly improving its production capacity and reliability.

Through technological upgrading, the plant has greatly expanded its production capabilities. Last year, the plant's industrial output

value increased to 1.04 billion yuan, and its profits totalled 395.31 million yuan. Since it went into operation in 1976, the plant has handed a total of 3.78 billion yuan in profits and taxes to the state, over five times the initial investment.

by Li Rongxia

## **New Computer Disk Company**

**T**he Zhenzhong Computer Disk Co. of the Institute of Computing Technology under the Chinese Academy of Sciences, was established in Beijing on June 6.

The company is the first specializing in computer disks in Beijing's new industrial technology development. It deals in complete series disks, branch series disks, various floppy disks, hard disks, computer systems and CAD systems.

Zhenzhong is also the Chinese agent for the sale and repair of Century Data Incorporated (CDI) equipment from the United States.

Scientists predict that computer disks will enjoy a wide market.

The total sales value of computer disks in the world is expected to reach US\$25 billion next year.

by Wei Liming

## **News in Brief**

■ In late June, China's first micro-drill production line went into operation. Imported from West Germany by the Shenzhen Jinzhou Hard Alloy Co. Ltd., the line has an annual capacity of 300,000 0.1-6.1 millimetre hard alloy twist drills.

China now joins the select club of nations able to produce 0.1 millimetre micro-drills (the United States, Japan, Switzerland and West Germany). And the installation of the machinery marks an important step in China's acquisition of hard alloy processing technology.

■ Also in June, a joint venture between a Hong Kong company and the Guangdong Shunde County Yuhua Industrial Co. began manufacturing microwave ovens. The factory now has an annual capacity of 400,000. But when the entire project is finished, output should reach 1 million, with 95 percent of output aimed at foreign markets. Orders have already been received for the rest of this year's production.

■ China's Great Wall Industry Corp. signed an agreement with Asiasat Consortium on June 17 in Beijing to launch a telecommunications satellite—Asiasat-1—by the end of 1989. The satellite will be sent into orbit by the Changzheng (Long March)-III carrier rocket to provide domestic telecommunications services for countries in the Asian region.

The Asiasat Consortium was jointly established early this year by China International Trust and Investment Corp. Technology Inc., Cable and Wireless PLC of Britain and Hutchison Telecommunications Ltd. of Hong Kong.

# Zhenyuan

## —Ancient Miao City

Zhenyuan, a well-preserved ancient city known for its national customs, is one of China's 62 historical cities. One-third of its population is made up of a dozen national minorities, with the Miao people predominating.

Situated in eastern Guizhou Province, Zhenyuan has a history of over 2,000 years. Since ancient times, it has been a main communication route. A large number of residential areas and temples built in the Ming and Qing dynasties (1368-1911) still remain well preserved, giving Zhenyuan the prominent features of an ancient city.

Most of Zhenyuan's residents live in Chinese courtyard-style buildings erected on mountains. High walls set up around the buildings to prevent fires from spreading are separated by long, two-metre-wide lanes. In the lanes

are many ancient wells with clean water.

The ancient Green Dragon Cave building complex on a hill to the east of the city is one of Zhenyuan's famous scenic spots. It comprises five temples built in the Ming Dynasty and covers an area of about 6,000 square metres. Built on steep precipices, the complex was given another name—Temples in the Air. From the Green Dragon Cave high above the ground, visitors have a wonderful panoramic view of the whole city.

Other places of historical interest are Sigong Palace, the Tianhou Palace, and the old city walls.

Since it was opened to the public in 1982, Zhenyuan has received 340,000 Chinese and foreign tourists, and has become one of the popular tourist spots in Guizhou Province.

**by Han Guojian**

Unique Miao-style bridge with a pavilion in the centre.

HAN GUOJIAN



## Cultural Activities For Tourists

The Cultural Department and the Tourism Bureau of Guizhou Province together organized a series of cultural activities for visiting tourists recently. The main items include:

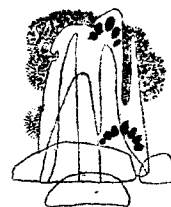
—Visits to local museums. Already there are museums housing exhibits on nationality festivals and buildings, batik, and the unique nationality villages. Other museums featuring exhibits on local opera, the stele forest, cliff paintings, ancient walls, the canoes of the Miao nationality and the history of wine brewing will soon be completed.

—Participation in nationality festivals. Today about 46 minorities live in Guizhou Province, where more than 400 national festivals are held each year. The festivals are alive with bull-fights, horse races, singing and dancing. They provide a wonderful opportunity to experience traditions and lifestyles of Chinese minority nationalities.

—Living in nationality villages. At present, about 12 nationality villages have been opened for travellers wishing to experience daily life there. Since 1986, more than 800 overseas tourists have enjoyed short stays in these villages.

These new opportunities for travellers will be further improved. Two problems facing the tourism industry at present are a shortage of travel souvenirs and the poor sanitation in the villages. These problems will receive urgent attention in the near future.

**by Han Guojian**



## Professor Deciphers Primitive Symbols

**J**in Zhilin, a well-known professor at the Central Academy of Fine Arts, has long devoted himself to the study of the relationship between folk art and customs, cultural relics, and ancient legends, which he finds basically identical. Through his studies, Jin has devised a way to decipher the ancient symbols found on cultural relics and he is currently writing a book about his findings. The work has created a new subject for research—folk culture archaeology.

The long standing small farm-based economies in Chinese feudal society isolated many areas of the country. But it also allowed for the preservation of ancient cultural heritages in the folk arts and customs of out-of-the-way villages.

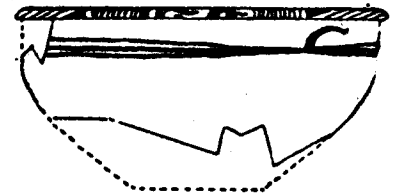
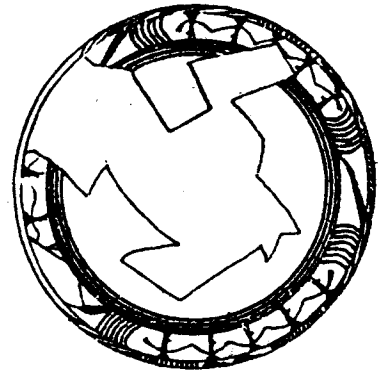
Jin began his studies in the early 50s. He travelled through many villages in western and southern China, and talked with more than 2,000 old women talented in folk arts such as papercutting, embroidery, painting and dough-modelling. From these rural women he gathered more than 10,000 folk artifacts. These were compared with the unearthed cultural relics and the totems of the three main tribes (the Yandi, Huangdi and Jiuli tribes) which he discovered were astoundingly alike.

*She pan tu* (a snake coiling itself around a rabbit) which appears in the papercuts of Ansai County, Shaanxi Province, is remarkably similar in form to the *she pan tu* of cultural relics unearthed in the Xia ruins in Xiangfen, Shanxi Province, and to the totem designs on the bronze objects of the Shang and Zhou dynasties (c. 16th century-256 B.C.) The papercut *zhua ji wa wa* (little boy with curly hair), with a sun and moon in his

hands; the image on the rock paintings in Jixian County, Shanxi Province; on the Shang Dynasty blue jade girdle ornament in the Palace Museum in Beijing; and the jade *zhua ji wa wa* of the Shang Dynasty unearthed in the Yin ruins near Anyang city, Henan Province; the human-like god, with a sun and moon under his feet on the bronze relics of the Eastern Zhou Dynasty; (770-256 B.C.), all are similar.

Jin believes that primitive cultural ideas appearing in folk arts can be used to interpret the meanings of mysterious primitive symbols and patterns found on unearthed relics.

In 1973, a colour painted pottery basin decorated with dancing figures was unearthed in Datong County, Qinghai Province. It is one of the most important pieces of painted crockery of the New Stone Age discovered in China. Colourful decorations adorn both the inside and outside of the basin. Three groups of figures, each with five figures dancing hand in hand, form the main design. They wear hair decorations and tail-like ornaments dangle from their waists. The design aroused heated discussions among archaeologists. Jin did not agree with interpretations of the protruding object on the lower part of the dancer's body as the tips of clothes or tail-like ornaments. He saw them as symbols for the male organ worshipped in patriarchal society. He explained that the *zhua ji wa wa*—god of protection and god of proliferation in folk art—originates from the tribal symbol for the Tian (sky) Tribes—the Huangdi Tribe. It is actually a symbol for the ancient Chinese pictographic character "Tian" (sky).



Dancing-figure decorate a painted crockery basin unearthed in Qinghai Province.

Another crockery basin of the Yangshao Culture bearing the design *shuang yu ren mian* (human face between two fish) unearthed at Banpo in Xian, Shaanxi Province in 1955 also raised some differences of opinions. Many believed the 7,000-year-old design depicted a fishing scene. Jin, on the other hand, sees it as the expression of a primitive concept, not a pure artistic creation. Many of the folk art pieces found in the Yellow River delta indicate the symbol was a magical sign used in the worship of the god of life and god of proliferation. It is the original image of the *yin yang fish*, double fish boy, two dragons playing with a pearl, which appear in present-day primitive folk art. The human face between the two fish symbolizes a new life created by the two mating fish.

Jin has interpreted more than 20 different decorative designs, geometric patterns and flower-petal patterns on unearthed cultural relics. The symbols represent two fundamental concepts of primitive

culture: one is that of existence, the other is reproduction, hence the worship of the god of life and the god of proliferation. These two fundamental ideas continually crop up in human social evolution, although they have different specific meanings in different historical situations. ■

## Women's Soccer Cup

**W**omen's soccer has become a highly skilled and entertaining game. The 1988 International Women's Football Championship, held in Guangzhou in mid-June, testified to its bright future.

Twelve teams from six continents took part in the tournament at the invitation of the Federation of International Football Associations (FIFA). They included Europe's best teams—Norway, Sweden and the Netherlands—the North American champion the United States, South American champion Brazil and Asian champion China.

During 13 days of keen competition, the teams maintained a high standard of play, scoring 81 goals in the 26 matches or an average of 3.1 goals per match. The players frequently employed difficult soccer techniques, such as fall-down digs, tricky passes, volley shots and overhead kicks. Some players performed as well as men, and showed a strong awareness of offence.

The Brazilian team showed superb individual skills, while Norway and Sweden were particularly good at team work. Chinese players impressed the spectators with their fast attacks and close co-ordination, and the Americans were notable for their strong physiques and their style of counterattack. Officials of the FIFA and the Asian Football

Federation said that the 1988 International Women's Football Championship represented the peak of women's soccer.

Norway finished first and Sweden second in the tournament, while the Netherlands was among the top eight teams. This shows that Europe, birthplace of modern women's soccer, is still on top internationally. Apart from good individual skills and team work and strong physiques, the Norwegian and Swedish teams have rich match experience and can keep cool in the face of difficult conditions. For example, Norway, in its semi-final game against Brazil, was able to draw lessons from its earlier defeat, strengthening its defence by keeping close watch on its opponents and its offence by long passes, and drop shots. Sweden played a steady game against China and came from behind to win the match.

Still, China, Brazil and the United States did relatively well against the generally stronger European teams. The Chinese team finished in fourth place, but many experts thought it could have done better. In the games against Canada, the Netherlands and Australia, the Chinese players showed a strong will to fight and impressed spectators with their speed, strong physiques, quick responses, good tactics and team work. But the players also have weak points—they lack mental staying power and match experience. In its game with Sweden, China was thrown into confusion because Sweden seized an early lead.

While expressing satisfaction with the achievements of Chinese players at the tournament, Nian Weisi, chairman of the Chinese Football Association, said: "Chinese women soccer players should explore new ways to develop to be a match for Europe's strongest teams in future contests."

## Scientists Solve Old Math Riddle

**T**hree Chinese mathematicians have solved a difficult theoretical problem which has puzzled world mathematicians for years.

The research was carried out by Professor Ding Xiaqi, director of the Wuhan Institute of Mathematics; his wife, Luo Peizhu; and Chen Guiqiang, his student from the Institute of Systems Sciences. Both institutes are under the Chinese Academy of Sciences.

The problem, known as the "convergence of the Lax-Friedrichs scheme for isentropic gas dynamics," relates to the calculation of discontinuous waves, such as tidal bores and the shock waves generated by atomic bomb explosions.

Chinese mathematicians began to study the problem in the 1950s, when they were assigned to calculate the bore in the Changjiang (Yangtze) River's Three Gorges and the shock waves from an atomic bomb explosion.

Ding and his two colleagues started to concentrate on the problem in 1983. When they published their results in issue No. 4, 1985, and issue No. 1, 1986, of *Mathematical, Physical, Astronomical and Technical Sciences*, a quarterly publication of the Chinese Academy of Sciences, they attracted worldwide attention.

Their work is "one of the most important developments on the subject in the last decade," said James Glimm, professor of mathematics at New York University's Courant Institute of Mathematical Sciences. "Their result solves a major and long-standing problem of mathematics."

Professor Joel Smoller from the Department of Mathematics at the University of Michigan, said, "I consider this to be an absolutely

first-rate piece of work — one that any professional mathematician could be proud to call his own.” ■

## Shandong to Host National Cities Games

**S**handong Province will host the First National Cities Games October 23-November 2 in its capital of Jinan and the city of Zibo. The games are expected to draw 3,000 men and women from 41 cities throughout the country. The athletes will compete for 167 gold medals in the 12 events— track and field, swimming, gymnastics, weight lifting, shooting, wrestling, judo, volleyball, football, basketball, table tennis and badminton.

The National Cities Games is another national competition held after the National Games, the Minority Nationalities Games and the National Youth Games. Commenting on the games, an official of China's Physical Culture and Sports Commission said, "Our aims are to discover and train large numbers of talented athletes through athletic contests of various forms and at different levels; to promote the development of urban sports; and to realize the grand goal of turning China into a strong country in sports by the end of this century."

Shandong Pictorial Press plans to publish a large colour album on the games, with explanations in Chinese and English.

## Sui Emperor's Tomb Found in Shaanxi

**A**tomb containing the remains of Yang You, the third and last emperor of the Sui Dynasty (581-618), has recently been discovered in Qianxian

County in central China's Shaanxi Province.

Qianxian County, 80 kilometres northwest of Xian, is the site of the Qianling Tomb, where China's first empress, Wu Zetian (624-705), was buried. The newly discovered tomb is near this site. Local archaeologists said that Yang You's tomb is 82 metres square and 15.8 metres high, and was found intact.

The Sui Dynasty was the shortest in China's history. But it marked the re-establishment of a unified state after China had been divided for some 265 years, since the end of the Western Jin Dynasty in 316 AD. According to historical records, a peasants' uprising spread throughout the country in the year 617. That year Li Yuan led an army to seize the Sui capital of Changan (modern-day Xian). In November of the same year, Li announced that Yang would be allowed to remain

as emperor, but the following May he forced Yang to give up the throne. Li enthroned himself, becoming the first emperor of the Tang Dynasty (618-907). Li granted Yang the title of duke and gave him a fief of 400 hectares of land.

The next year Yang was murdered. To cover up this deed, Li posthumously awarded Yang the title of Gongdi (Emperor Gong) of the Sui Dynasty.

The ruins of Yang's fief were found about 300 metres southeast of his tomb. Archaeologists found the foundation of the wall around the property intact, except for part of the southeastern section.

Experts believe that the discovery of the tomb and property will provide artefacts and other materials which will be valuable to the study of the Sui Dynasty. Previously, few such relics have been available.

## Anyang Named One of 7 Ancient Capitals

**A**t a preliminary meeting of the China Ancient Capitals Society held recently in Anyang, Henan Province, Anyang was declared the first of the seven ancient Chinese capitals.

Anyang, a city with a history of more than 3,000 years, is located in the northern part of Henan Province. Northwest of the city is the well-known Xiaotun Village which was called Yin in ancient times. According to historical records, King Pangeng of the late Shang Dynasty (c. 1,700-1,100 BC) transferred the capital to this site and in the following 273 years, under the rules of 12 kings, it became the political, economic and cultural centre of the late Shang Dynasty. Hence, this period is generally referred to as the Yin Dynasty.

At the beginning of this century, the Yin ruins at the northwestern outskirts of Anyang were excavated. Among the unearthed cultural relics were oracle bones inscribed with what are believed to be the oldest Chinese characters, more than a thousand bronze objects from the Shang Dynasty, jade ware, pottery, musical instruments and ivory artefacts.

The archaeological excavations and scientific studies of more than half a century supported by written records and unearthed cultural relics leave little doubt that Anyang was China's oldest capital city.

The other six ancient capitals are: Xian, Luoyang, Kaifeng, Beijing, Nanjing and Hangzhou. ■



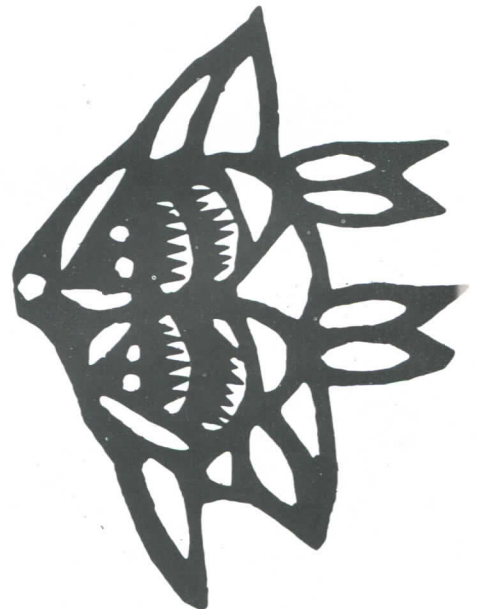
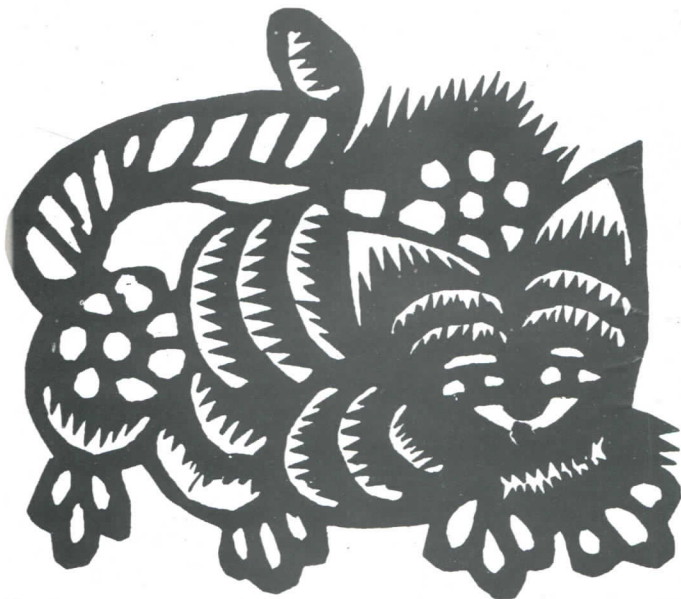
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## ART PAGE

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### Papercuts by Feng Zhiqin

Feng Zhiqin, a farmer, was born in 1922 in Huachi County, Gansu Province. Her papercuts reflect the local style and are much appreciated by the local people.





1st-Class Knight Medal



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