

A CHINESE WEEKLY OF NEWS AND VIEWS

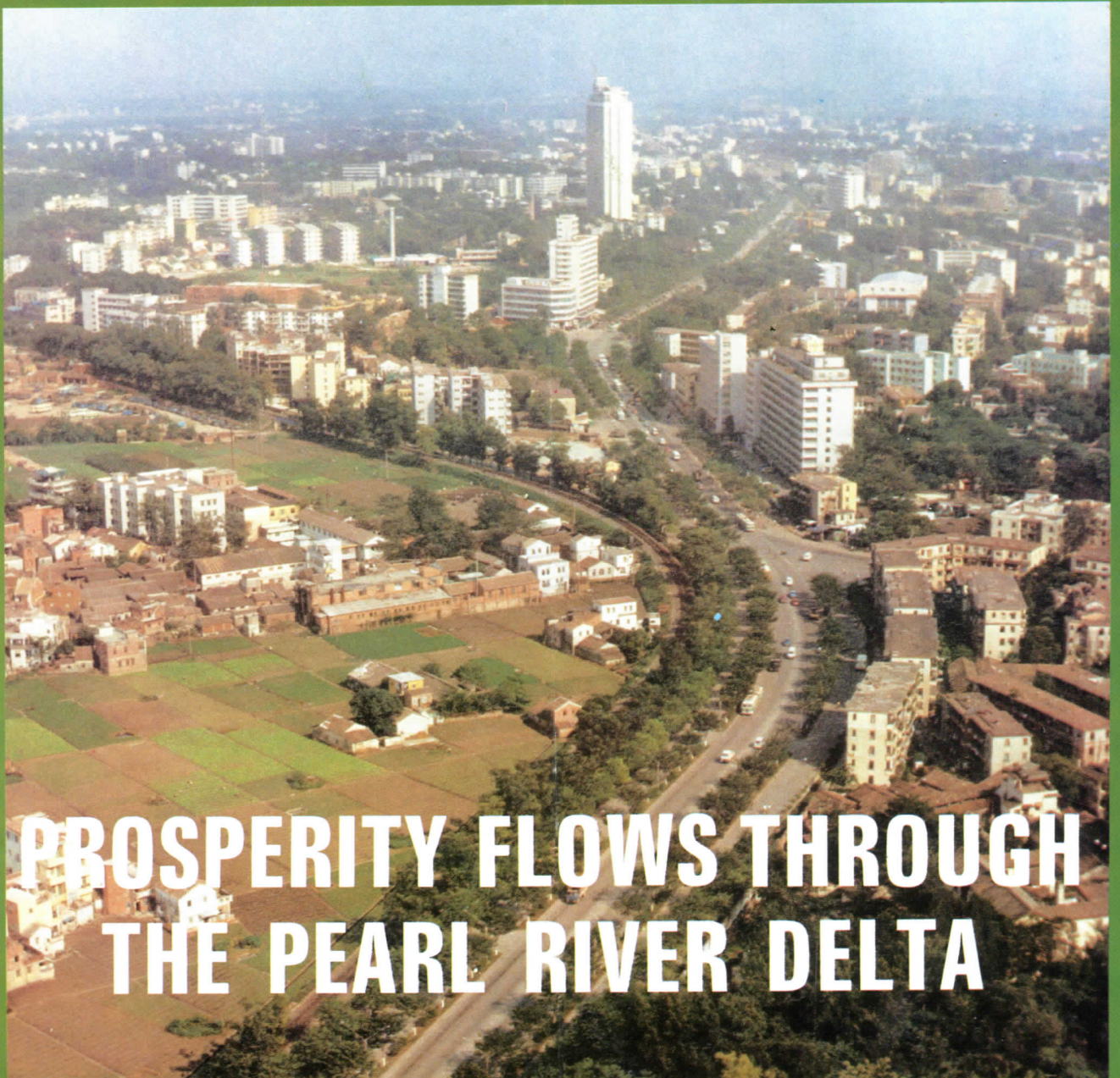
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Ten Theoretical Issues of China's Reform Programme



**PROSPERITY FLOWS THROUGH
THE PEARL RIVER DELTA**



A wedding ceremony in a fishing village in Beihai City, in a coastal area of Guangxi Zhuang Autonomous Region.

Above: The bridegroom sends someone to the bride's home in a wooden boat to escort his gaily dressed bride under the umbrella to the wedding.

Chen Wenwen



The bridegroom (2nd from left) and the bride propose a toast to each other during the wedding banquet.

Zhong Lichun

CONTENTS

NOTES FROM THE EDITORS 4

Hail the Ceasefire in Iran-Iraq War

EVENTS /TRENDS 5-9

Torch Plan Outlined
Party, State Fight Corruption
Price Increases Lead to Abuses
CPC Dismisses Corrupt Members
Shanghai Sets Up 'Silicon Valley'
Scholars Discuss Generation Gap
Weekly Chronicle (August 8-14)

INTERNATIONAL 10-13

Iran-Iraq: Ceasefire Raises Hopes For Lasting Peace
Southwestern Africa: Prospects Good for Peaceful Settlement
GDR: Economic Strategy Proves Successful
Maghreb: Intensifying Efforts To Achieve Unification

Industry Booms on the Zhujiang River Delta 14

Ten Theoretical Questions Facing Reform 20

The World Today—Unity and Contradiction 23

Why Shanghai People Enjoy Long Life Expectancy 25

FROM THE CHINESE PRESS 28-29

BUSINESS/TRADE 30-31

BOOKS 32-34

COVER: A panoramic view across Guangzhou, the largest city in the Zhujiang River Delta.

LI Changyong

HIGHLIGHTS OF THE WEEK

Ten Theoretical Issues Underpinning Reform

■ The State Commission for Restructuring the Economy has recently summarized theoretical discussion on China's reform programme into ten issues. These include the characteristics of the primary stage of socialism, planning and marketing, models of reform, reform of ownership and the contract system (p. 20).

China to Implement Hi-Tech Plan

■ China plans to develop 2,000 high-technology products, of which two-thirds will be mass produced and one-third will be for export. The products will be developed as part of the torch plan, a new programme which aims to extend the country's achievements in the field of high technology (p. 5).

Zhujiang River Delta's Economy Booms

■ The economy of Guangdong Province in south China has been growing at an annual rate of 17 percent since 1980. This is largely due to its proximity to Hong Kong and the adoption of special state policies. But the Zhujiang (Pearl) River Delta has also been a major contributor to this success, as this report on Dongguan, Huizhou, Jiangmen and Shunde shows (p. 14).

Gulf Ceasefire to Have Wide Repercussions

■ The news of a ceasefire agreement between Iran and Iraq was heartening to all. The ceasefire—and the lasting peace that everyone hopes will grow out of it—will lead to changes not only in the two war-worn countries, but throughout the Middle East and the whole world (p. 4).

Talks Bode Well for Southwestern Africa

■ The latest round of four-party talks on southwestern Africa reflects the shift from military confrontation to peaceful negotiation aimed at resolving the conflicts in the region. The discussion focused on the withdrawal of Cuban and South African troops from Angola and the timetable for Namibian independence (p. 11).

Hail the Ceasefire in Iran-Iraq War

by Zhou Minyi

United Nations Secretary-General Javier Perez de Cuellar announced on August 8 that Iran and Iraq would observe a ceasefire from August 20 and that the two countries would hold face-to-face talks in Geneva on August 25 to negotiate a comprehensive and reasonable settlement of the conflict acceptable to both sides. The next day the UN Security Council passed a resolution to dispatch a military observer group to monitor the ceasefire. Two advance teams of the observer group have reached their destination.

This is indeed encouraging news that fills the whole world—particularly, of course, the people of Iran and Iraq—with excitement. The eight-year-old Iran-Iraq war is at last to come to a ceasefire. This is not only a good thing for the people of Iran and Iraq, but also favours security and stability in the Gulf region and world peace.

But it is a long way to go from a ceasefire to an overall, reasonable and decent settlement acceptable to both sides.

The war along the 1,200-kilometre Iran-Iraq border has gone on for a long time and both countries are exhausted. It is estimated that the total death toll on both sides of the border exceeds 1 million people, while the property losses are measured in hundreds of billions of US dollars.

When the UN Security Council announced its Resolution 598 on July 20, 1987, Iraq immediately showed a willingness to accept it. A year later, Iran also declared its acceptance of the resolution.

There were many reasons for Iran's move. A drop in oil prices had brought on financial difficulties which significantly weakened the country and prevented it from meeting the expenses of the war. People were longing for peace, and it had become hard to find sources of troops and to obtain weapons. The longer the war lasted, the heavier the losses grew for both sides.

Stopping the war and making peace is the only way to fulfil the basic interests of the people of both countries and to realize the international community's hopes for peace in the Gulf area.

Iran and Iraq have long been involved in border disputes, as well as religious and national conflicts. The question of sovereignty over the Shatt al Arab river triggered the Iran-Iraq war. The war proves that disputes between the two countries cannot be resolved by resorting to force. Conflicts can only be settled through mutual understanding and peaceful consultation. Of course, negotiating is arduous, but it is the only correct way to resolve conflicts.

The ending of the Iran-Iraq war will lead to changes in the Gulf area and the entire world.

After the ceasefire, both Iran and Iraq will face the task of reconstruction. The tremendous losses caused by the protracted war make international help necessary. During the process of reconstruction, economic development and trade will be promoted.

The ceasefire will lead to changes in the balance of forces in the Middle East. Iraq's extrication

from the war will strengthen the Arab world and favour the Mideast peace process.

The ceasefire will contribute to the security and stability of the Gulf area. Free navigation can be expected to return to the Gulf and the Hormuz Strait international sea-lane. Commercial ships and oil tankers will no longer risk attack.

The ceasefire will help the Gulf area shake off the two superpowers' intervention in the region's affairs. It will be hard for the superpowers to find excuses to keep their warships in the Gulf.

The ceasefire will also help the members of the Organization of Petroleum Exporting Countries (OPEC) to resolve their conflicts and resume normal relations, possibly resulting in a rise in oil prices. Some observers maintain that to restore their economies, Iran and Iraq will increase their oil production, thus weakening oil prices. In any case, the ceasefire will mean changes in OPEC.

The global trend is to be for peace and against war, for dialogue and against confrontation. In many areas of the world there are signs that long-standing conflicts will be resolved through negotiations. Even the superpowers are negotiating. China, which has maintained a consistent stand of neutrality and actively persuading Iran and Iraq to negotiate a peaceful settlement of their conflict, hopes that after the ceasefire is realized, representatives of the two countries can reach agreement at the negotiating table as soon as possible so that UN Security Council Resolution 598 can be fully implemented. ■

Torch Plan Outlined

Within three years China will develop 2,000 high-technology products, of which two-thirds will be mass produced and one-third will be for export. The statement was made by Song Jian, minister of the State Science and Technology Commission, at a recent meeting on the torch plan.

The torch plan aims to extend China's achievements in the field of high technology. It follows the star programme, which was designed to stimulate the development of village- and township-owned enterprises.

The goals of the torch plan include:

—Setting up 50 science and technology service centres in the open coastal areas and major inland cities to provide supervision and services for hi-tech enterprises;

—Setting up trial technological industrial development zones in Beijing and several other cities. Plans for these zones have already been approved by the State Council. The zones will enable the open coastal areas and large inland cities where talent is concentrated to create the conditions and environment best suited to hi-tech enterprises;

—Attracting 100,000 scientists and technologists to work with the enterprises set up under the torch plan;

—Training 20,000 managers and overseas trade specialists to work with the new enterprises; and

—Setting up a national torch plan corporation and a network of local enterprises.

Song said that since the national science and technology meeting held in March this year, enterprises that combine tech-

nology development, production and marketing have been set up all over the country. The number of hi-tech companies run by branches of the Chinese Academy of Sciences has doubled from more than 200 in 1987 to more than 400 today. In Beijing, 700-800 hi-tech enterprises attached to research institutes and institutes of higher learning have registered in the new technological development zone. In Hebei Province so far this year, 897 groups have signed contracts taking responsibility for developing various technologies.

Principles to Be Carried Out. Judging by other countries' experience in developing high technology, Song said, the torch plan should be carried out according to the following principles:

First, all means possible should be adopted to encourage institutes of higher learning, research institutes, large and medium-sized enterprises, and scientists and technologists to raise funds to set up hi-tech enterprises with various forms of ownership. These enterprises will be responsible for their own profits and losses.

Second, the torch plan must dovetail with other state plans that are already in progress, including the Seventh Five-Year Plan. The torch plan should be used to help develop, produce and market any appropriate products that are developed in the course of the other plans.

Third, priority will be given to the development of hi-tech products that could be sold on the international market.

And fourth, hi-tech enterprises should be built gradually instead

of all at once.

The torch plan will mainly rely on fund-raising and bank loans. The state will provide the initial investment.

by Wei Liming

Party, State Fight Corruption

The Central Commission for Discipline Inspection of the Communist Party of China has released a set of provisional regulations on disciplinary action to be taken against Party members who conduct themselves improperly in matters concerning foreign affairs or foreign nationals.

The regulations were worked out to protect the interests of the Party and the state and to combat misbehaviour and corruption in cases concerning foreign countries and people.

The disciplinary measures specified in the regulations, which went into effect on July 1, consist of varying degrees of warnings from within the Party, dismissal from Party posts, reduction to probationary membership, and dismissal from the Party.

Violations listed in the regulations include revealing state and Party secrets and not following prescribed procedures for overseas visits. Offences involving pornographic publications are also mentioned.

The central government, in a similar move to maintain a clean and honest administration, plans to prosecute any lawbreakers, extortionists or bribe takers found among its employees.

"This is part of the central government's efforts to crack down on corruption and ensure clean and honest government," Minister of Supervision Wei Jianxing said in Beijing on August 9.

Addressing supervisors from 46 state commissions, ministries and departments, Wei said, "It is my ministry's present and long-term task to supervise governments at all levels to make sure they are all clean and honest."

He called on the 20,000 supervisors throughout the country to investigate and resolve problems of general concern.

Flagrant abuses should be publicized, he said.

The minister urged supervisors to "adhere to principle, be upright and never fall victim to flattery. Also, eschew any tendency towards nepotism.

"Social discipline and attitudes depend on the actions of leading officials. This is of vital importance for the nationwide reform, opening to the outside world and modernization programme."

In addition to handling cases of corruption and bribery, Wei said, the Ministry of Supervision will try to investigate other problems, such as the wasting of money, profiteering and problems resulting from official misdeeds.

The ministry will formulate new laws and regulations while beefing up the number of supervisors, Wei said.

He urged local authorities in special economic zones and cities open to foreign investment to establish by the end of next month reporting centres for people to register complaints about corruption. ■

Price Increases Lead to Abuses

Recent price rises for cigarettes and liquor were aimed at creating a normal market. But developments since the prices began to float on July 28 show that the increases have had unintended effects.

Ordinary cigarette smokers shrink back at the sight of prices which are 3-7 times higher than before, while wealthy cigarette dealers rush in to buy. One Beijing shop sold out of six kinds of cigarettes within 40 minutes, with dealers accounting for most of the sales.

Some tobacco sellers have made a rule that one customer can buy no more than two cartons of cigarettes. The dealers then hire other people to buy cigarettes for them, or they do their buying in a series of shops.

According to *Chinese Women's Daily* of August 8, dealers have said they will buy up all the cigarettes that are supplied. Since the government has taken a lead in raising prices, we can sell them at any price as we like, they said.

The dealers profit from the fact that cigarette prices vary from place to place. They seek to corner supplies since the regular marketing of cigarettes threatens the black market.

It is rumoured that the cigarette dealers in Shanghai are acting in collaboration, claiming that they

will challenge the regular tobacco outlets to a contest to see who will win.

People's Daily of August 10 reported another unusual phenomenon. Some enterprises are using public money to buy cigarettes and liquor. Almost all of the high-quality liquor sold is being bought by organizations.

Daily liquor marketing statistics from Dalian, Liaoning Province, show that in the four days following the liquor price rises, 509 bottles of liquor were sold, of which 378 bottles were bought by organizations.

A market observer said that in the past, state-owned department stores got no top brand liquor to sell, and organizations generally had the scruples not to buy liquor from individuals who did not issue receipts. Now group purchasing has become "legal" since the state-owned department stores do the selling, he said. He appealed to the government to take action to stop the harmful new trend.

People have begun to accept the floating prices for cigarettes and liquor. One smoker said he can

There are few individual customers for expensive liquor such as Maotai, which costs up to about 300 yuan (US\$80) a bottle in Beijing.



now buy high-quality cigarettes through regular channels for the first time. But there are doubts whether this reform will bring about a consistent supply of good quality cigarettes and liquor and thus effectively attack the black market.

Another worry is that imported cigarettes will become objects of speculation. On July 27 individual cigarette sellers in the summer resort town of Beidaihe switched to selling imported cigarettes.

The state tobacco company recently decided to produce more top brand cigarettes to ease tension in the market. ■

CPC Dismisses Corrupt Members

A total of 109,000 corrupt members of the Communist Party of China (CPC) were expelled or asked to quit last year, a senior Party official says. Of the 20,000 who were expelled, about 30 were high-ranking officials above the prefectural level.

The official of the Organization Department of the CPC Central Committee said that some corrupt cadres have been prosecuted.

Observers said that they believe the number of expulsions and forced resignations, the largest in recent years, shows the CPC is sincere about enforcing discipline. They said the figures reinforce Party General Secretary Zhao Ziyang's comments earlier this year that cadres who abuse their powers to extort money, graft, embezzle and betray the nation's interests must be kicked out the Party.

The CPC official said that from 1983 to 1987 about 150,000 members were expelled for corrupt practices. Another 500,000 received disciplinary pen-



Rising, a photograph by Leonid Bergoltsev of the Soviet Union, was one of nearly 10,000 entries in the second China Through Foreigners' Eyes international photo exhibition. Photos provided by almost 1,000 photographers from 60 countries were displayed at the Nationalities' Cultural Palace in Beijing August 12-20. Among the main sponsors of the show were the Chinese People's Association for Friendship with Foreign Countries, *People's Daily*, *Beijing Review* and *Nexus*.

alties for violating Party discipline.

Most of those expelled were involved in smuggling, bribery, embezzlement or violations concerning foreign affairs or foreign nationals.

Some serious corruption cases have brought strong condemnation from both within and outside the Party, he said.

The CPC Central Discipline Inspection Commission recently issued a series of tough new rules on the behaviour of Party members.

The official said the efforts to comb corrupt Party members out is continuing and more expulsions are possible.

Still, he said, the Party enjoys high prestige among the Chinese people. Some 12 million new members have joined since 1979.

And more than 8 million people applied to join the Party last year. ■

Shanghai Sets Up 'Silicon Valley'

We believe that the newly established Shanghai Caohejing Economic-Technological Development Zone will create an advanced industrial area with a better investment climate, high efficiency and a pleasing environment, and its formal founding is sure to contribute much to the regeneration of Shanghai," Vice-Mayor Liu Zhenyuan says.

Liu, director of the group responsible for the zone's planning and construction, announced on July 23 that the State Council has approved the city's decision to upgrade the Caohejing Micro-

electronic Industrial Park into Shanghai's third economic-technological development zone. Resident companies will enjoy the same preferential treatment as those in the Minhang and Hongqiao zones.

The Caohejing Economic-Technological Development Zone aims to develop high-technology industry by making the optimum use of Shanghai's scientific and technological resources, as well as foreign investment and advanced technology. Ye Bochu, vice-chairman of the Shanghai municipal people's congress, outlined the four basic functions of the zone. They are: first, to attract international hi-tech businesses to set up subsidiaries or joint ventures with Chinese partners; second, to encourage Chinese research institutes to establish enterprises that turn research findings into products; third, to follow the lead of Zhongguancun—"Electronics Street"—in Beijing by making the zone a base for the development and exchange of new technology; and fourth, to build the zone into an "invention centre" where individual and collective inventions or innovations will be encouraged and developed into products. Ye told the press conference that provisions concerning the zone will be soon worked out and passed by the municipal people's congress.

The decision to set up the Caohejing Microelectronic Industrial Park was made in November 1984. The municipal government saw it as a means to attract foreign investment and introduce advanced technology to develop hi-tech industries. Construction of the industrial park started in September 1986. The infrastructure has been completed and regular supplies of water, electricity and gas are guaranteed. Businesses including Shanghai Philips Semi-conductor Co. Ltd.,

Shanghai Sino-French Liquid Air Co. Ltd., 3M China Ltd., Shanghai Optical Fibre Communication Engineering Corp. and the microelectronic branch of the Shanghai Metallurgical Research Institute of the Academy of Sciences of China are setting up on the site with a total investment of US\$120 million, of which US\$55.11 million is foreign investment.

The Caohejing Economic-Technological Development Zone (also known as the Hi-Tech Development Zone) has a planned area of 5 square kilometres, compared with the industrial park's original 0.57 square kilometres. The site is at the southwest edge of Shanghai, about 11 km from the People's Square in the heart of the city and 7 km from Hongqiao International Airport. The zone is surrounded by a dozen or more institutions of higher learning, including Jiaotong University, and several dozen research institutes including the Shanghai Metallurgical Research Institute. The Shanghai No. 1 Television Factory, Sino-US Foxboro Ltd. and more than 30 other companies specializing in electronics, instrument making, communications and space technology are located within the planned area of the zone. The area's infrastructure, rich intellectual reserves, industrial support, convenient transport, fresh air, clean water and low noise are considered to make it an ideal place to develop hi-tech businesses.

"The formal founding of the zone indicates China's determination to develop its micro-electronic and other hi-tech industries," said Qi Minsheng, president of the Caohejing Hi-Tech Development Zone Development Corp. "I'm proud to say that our development zone is attractive and competitive for both overseas and domestic investors."

The Minhang zone chiefly features a rich variety of regular processing and manufacturing industries, while the Hongqiao zone mostly leases land for service businesses. The Caohejing hi-tech zone will be reserved for hi-tech companies in fields such as microelectronics, information engineering, optical fibre-digital communication, laser technology, bio-engineering technology, space technology, precision instruments and electronic equipment.

By Dai Gang

Scholars Discuss Generation Gap

The topic of a generation gap became a focus of heated argument at China's first national symposium on intellectual affairs, held at Beidaihe, a summer resort in Hebei Province, in early August.

The discussion, which was not on the agenda, was touched off by a speech by a middle-aged scholar, who offered his view of the characteristics of the three generations of intellectuals since the founding of New China in 1949.

He described those coming to the fore before the "cultural revolution" (1966-76) as "an obedient generation;" those like himself who had gone through the turmoil of the "cultural revolution" as "a suspicious generation;" and young people brought up in the post-1976 period as "a conscienceless generation."

Elaborating on the definition of the third generation, he said it consists of people without a highly developed sense of social responsibility, who are impetuous, uninterested in academic studies, hedonistic and lacking in moral standards.

These opinions were echoed by another middle-aged scholar, who presented figures to show that the second generation has become the

backbone of China, while the third is "worrisome."

His comments were interrupted by a young man who said that the experience of the "cultural revolution"—something the second generation is taking pride in—can also be a frightful burden. Thus, the second generation can only serve as an "interim generation," he said.

Gu Xin, a young scholar from the Chinese Academy of Sciences, defined the three generations differently—as the traditional, the modern and the post-modern.

The post-modern generation has a strong sense of itself, he said, adding that it can play a more effective role than the previous generation in weeding through the old ways to bring forth new ones.

Although some speakers said they found the discussion meaningless, Xu Jilin from Shanghai took a more positive attitude.

"The bigger the social changes, the more obvious the differences among generations," Xu said. In ancient China, generational differences were negligible. Young people were almost the exact duplicates of their elders.

But, he said, there is a common feature among all three of today's generations of intellectuals—conceit. "This could produce serious trouble in the future as the tendency is most obvious in the second generation."

The first generation will soon to step down from the stage of history and the third has not yet stepped onto the stage, he said. "After those in the second generation have taken power in their hands, they are likely to become a conservative generation which suppresses the next generation unless they can look at themselves critically."

The older generation should not ask young people to accept its ideas but should provide them with knowledge to improve their ability to make their own choices, Xu said. ■

Weekly Chronicle (August 8-14)

POLITICAL

August 9

■ A foreign Ministry spokesman says the Chinese government welcomes UN Secretary-General Javier Perez de Cuellar's announcement of a ceasefire agreement between Iran and Iraq.

He reaffirms that the Chinese government will make its fair contribution to the overall implementation of UN Resolution 598.

August 11

■ A Foreign Ministry spokesman tells the weekly news briefing that as long as Viet Nam does not pull all its troops out of Kampuchea, China, together with other justice-upholding countries and people, will continue to provide assistance to Kampuchea's three patriotic forces.

He says the key to a political settlement of the Kampuchea issue lies in the early and genuine withdrawal of all the Vietnamese troops from Kampuchea.

ECONOMIC

August 9

■ According to a recent survey by the Rural Area Investigation Group of the State Statistics Bureau, the average per capita cash income of peasants in the first six months of this year reached 232.9 yuan (excluding income from savings and loans), 49 yuan more than in the same period last year. The increase comes to 26.7 percent, or 10.5 percent after correcting for inflation.

August 11

■ Per capita labour productivity in state-owned industrial enterprises nationwide in the first half of this year was more than 9,000

yuan, an increase of 8.8 percent over the 1987 period, the State Statistics Bureau reports.

The number of employees in state-run enterprises dropped by 190,000, while collectively run enterprises lost 260,000 employees in the same period. Employees are switching to foreign-funded companies at a rate of 10,000 a month, the bureau reports.

CULTURAL

August 9

■ The Hunan University of Science and Technology has become China's first university to start recruiting students solely from rural areas, *Guangming Daily* reports. All graduates of the university will return to rural areas to work.

August 12

■ The popular 75-year-old ballad singer Luo Yusheng performed in Tianjin with her new student from Taiwan, Xinhua reports.

Gui Jingwen, 28, a college graduate born in Taipei, is the head of the Taiwan Guixing National Folk Arts Troupe. She recently came to the mainland from Taiwan to visit her relatives. A longtime fan of Luo, Gui went to Tianjin specially to ask to study with her.

SOCIAL

August 10

■ The year's No. 7 typhoon has swept a vast area of six cities in Zhejiang Province including Hangzhou, one of China's most famous scenic spots. The typhoon left 110 people dead, 1,184 injured, 81 missing and caused widespread destruction to property and crops, the Central Flood Control Headquarters reports.

The city's ancient tall trees fortunately survived the storm, which landed on the province on August 8. It was the most serious calamity in the history of Hangzhou.

IRAN-IRAQ

Ceasefire Raises Hopes for Lasting Peace

Peace in the Gulf region has moved closer to becoming a reality since Iran and Iraq agreed to a ceasefire.

United Nations Secretary-General Javier Perez de Cuellar announced on August 8 that Iran and Iraq had agreed to a formal ceasefire starting August 20 and to hold face-to-face talks in Geneva on August 25. The two countries halted hostilities the day after the announcement. The UN Security Council set up a military observers group to supervise the ceasefire and advance teams have arrived in Tehran and Baghdad. Peace in the Gulf region is now a possibility.

The ceasefire is the result of efforts by Iranian and Iraqi leaders and active mediation by the UN. The ceasefire decision was a wise one and has been well received by the international community.

De Cuellar and his assistants have devoted great energy to promoting the ceasefire. After Iran accepted UN Security Council Resolution 598 on July 18, de Cuellar invited the Iranian and Iraqi foreign ministers to hold indirect talks at UN headquarters. During the talks, Iraq insisted on direct negotiations with Iran as a precondition to a ceasefire. Iran would not agree.

De Cuellar mediated to break the deadlock, encouraging the two countries to take a flexible attitude. The five permanent members of the Security Council supported the secretary-general's efforts, offering assurances to both sides. After common efforts by many parties, Iraq agreed to a ceasefire followed by direct talks. Iraqi President Saddam Hussein announced that Iraq would accept a UN-orchestrated ceasefire on the condition that Iran announced "clearly, unequivocally and offici-

ally its approval of initiating direct negotiations with Iraq immediately after the ceasefire."

Iraq's change of stand removed the last obstacle to an agreement. Iranian Foreign Minister Ali Akbar Velayati responded by assuring de Cuellar that Iran would be willing to hold direct talks with Iraq after the ceasefire was implemented.

The prolonged Iran-Iraq war has devastated countless lives and destroyed huge amounts of property. Superpower intervention aggravated the tensions and complicated the problems in the region. The Gulf became one of the world's worst hot spots, exerting an extremely harmful influence on the world political and economic situation.

The decision to end hostilities is in line with today's trend towards peace and development and conforms to the desires of people throughout the world, including the war-worn Iranians and Iraqis.

The ceasefire will clearly help ease tensions in the Gulf region and around the world. Foreign military forces will have no reason to remain in the Gulf. Their early

withdrawal will contribute to regional peace.

Iran and Iraq, both third world and Islamic nations, have virtually no fundamental conflicts of interest. Their disastrous eight-year war brought them huge economic and human losses and also affected other countries in the region and elsewhere. All of this shows that there is no military solution to disputes between nations, especially third world countries. The only way to resolve disputes is through peaceful negotiation. War hurts the two warring parties while peace benefits both.

The ceasefire will economically benefit both Iranians and Iraqis and set the stage for their countries' economic reconstruction. It will also strengthen solidarity and co-operation among third world and Islamic countries.

But the ceasefire is only a beginning; it is a long road to lasting peace. New differences and contradictions may emerge in the process of implementing UN Resolution 598. To achieve lasting peace, it will be necessary for the two countries to co-operate closely with the UN secretary-general to resolve any differences through patient negotiation in an atmosphere of mutual understanding and a spirit of accommodation.

by Ren Xin

Li Luye, president of the United Nations Security Council and China's ambassador to the UN, announces the council's support for the Iran-Iraq ceasefire. GAO XUEYU



Prospects Good for Peaceful Settlement

The latest four-party talks aimed at settling the conflicts in southwestern Africa achieved positive results. The talks focused on timetables for the withdrawal of Cuban and South African troops from Angola and for Namibian independence.

Angola, Cuba, South Africa and the United States ended the fifth round of talks on southwestern Africa in Geneva on August 5. On August 8 the Foreign Ministry of Angola issued a communique describing the results of the talks.

The communique says that Angola and South Africa agreed to cease hostilities from August 8 to create the conditions necessary for fruitful negotiations. All parties involved in the talks unanimously agreed to submit a proposal to the secretary-general of the United Nations on the implementation of UN Security Council Resolution 435 on Namibian independence starting November 1.

Angola, Cuba and South Africa agreed to ask their governments to consent to a tripartite agreement which includes the compulsory implementation of 14 basic principles—agreed upon by the four parties at the last round of talks in New York and already approved by the four governments—as well as the obligation to adopt a series of measures that will lead to independence for Namibia and peace in southwestern Africa.

The communique reaffirms the decision by Angola and Cuba to sign a bilateral agreement acceptable to all parties on a timetable for the phased, total withdrawal of Cuban troops from Angola. Angola and Cuba guaranteed that the pact would be reached before September 1.

Observers said the Geneva talks were constructive, laying the foundation for practical steps towards peace in southwestern Africa.

South Africa's occupation of Namibia in defiance of UN resolutions which call for South African withdrawal and early independence for the territory; Pretoria's aggression against the frontline states, Angola in particular; and the Cuban military presence in Angola are major problems that have led to a long-standing military confrontation, largely between South Africa and Angola.

Since May of this year, Angola, Cuba, South Africa and the United States have held five rounds of publicly announced peace talks—on a bilateral, tripartite or four-party basis—in addition to frequent unannounced communications related to the search for peace. The talks in New York on July 20 produced the parties' first joint document in which they accepted the set of 14 principles as the framework for a settlement. According to the principles, Cuba and South Africa will pull their troops out of Angola, and Namibia will be granted independence from South Africa. The document demonstrated the willingness of the concerned parties to continue bargaining.

The latest round of talks focused on the timetables for the withdrawal of Cuban and South

African troops from Angola and for Namibian independence.

The shift from military confrontation to peaceful negotiations, the agreement on principles, and the discussion of concrete formulas for troop withdrawal are welcome steps in the peace process and have laid the basis for the eventual resolution of the conflicts.

The peace talks and ultimately peace in southwestern Africa will be conducive to the stability and development of the region. The military confrontation has led to suffering on all sides, and an end to the fighting will benefit everyone.

Reports said that in the past 13 years, South Africa has spent about US\$30 billion in its war against Angola and other countries in the region. Some 100,000 Angolans have been killed in the war and the country has suffered economic losses totalling US\$4 billion. In the 13-year period, the frontline states have suffered total economic losses of some US\$12 billion.

Events have demonstrated that southern African problems cannot be resolved by military confrontation but only by negotiations.

The Chinese government welcomes the progress achieved in the talks, and hopes that the parties concerned will continue their efforts and produce further results.

by Li Wen



GDR

Economic Strategy Proves Successful

By combining traditional qualities with the spirit of the times, the German Democratic Republic has developed rapidly and its people are reaping the benefits.

The people of the German Democratic Republic are traditionally considered to be hard-working, brave, serious and scrupulous. But besides continuing their fine traditions, they are also following the latest scientific and technological developments, and science and technology are greatly influencing the country's economic development.

The Socialist Unity Party of Germany and the Democratic German government realized the importance of science and technology early on. At the start of the 1980s, the Party worked out an economic strategy for the decade, clearly pointing out that Democratic Germany would use results of scientific and technological innovation to speed up its development. The 11th National Congress of the Party, held in April 1986, further developed this plan to cover the rest of the century.

In today's world a country's economic development is closely linked to the global economic situation. Nations must adapt their economies to the international market. Democratic Germany is poor in resources and needs to import energy and raw materials. Therefore, it needs to use advanced technology to raise the quality of its products and strengthen their competitiveness.

The success of this strategy is clear. Since the beginning of the 1980s, the economy of Democratic Germany has grown steadily. National income from production has expanded at an average rate of

4-4.5 percent a year, entirely as a result of increased labour productivity. People's living standards have also improved. The country follows the policy of constantly raising living standards as the economy develops.

Democratic Germany has a unique character. It has a 1,390-kilometre border with the Federal Republic of Germany and is separated from West Berlin by a wall. West Berlin radio broadcasts to Democratic Germany every day. In these circumstances it takes more than abstract propaganda to make people to believe in the superiority of socialism. Moreover, trying to keep out Western influence is unlikely to prevent young people from being affected. The leaders of Democratic Germany drew a timely conclusion: It is necessary to demonstrate the superiority of socialism by speeding up economic development and letting

the people enjoy the benefits through improved living standards. This will make socialism attractive. With these considerations in mind, the Eighth National Congress of the Socialist Unity Party of Germany, held in 1971, proposed the integration of the country's economic and welfare policies, along with a new slogan: "Whoever works better lives better."

As a result of the new strategy, personal incomes have doubled in real terms and retail sales have increased 90 percent. People enjoy free education and free medical treatment. Housing construction has been given priority and the housing problem is expected to be resolved by 1990. Between 1971 and 1987, 2.8 million housing units were completed and last year 640,300 citizens improved their living quarters. The per capita dwelling area now averages 26 square metres. New housing has given the cities, towns and villages a vibrant and prosperous look.

The achievements of Democratic Germany are admitted by the Western press. An article in the Federal German weekly *Die Zeit* said the welfare system of Democratic Germany is superior in some respects to that of Federal Germany.

by Xu Hongzhi

MAGHREB

Intensifying Efforts to Achieve Unification

It is the Maghreb people's long-cherished desire to establish a Maghreb union. Today, all parties concerned are stepping up their efforts to fulfil that wish.

The Maghreb region of north Africa consists of five Arab countries: Algeria, Morocco, Tunisia, Mauritania and Libya. These countries are not only neighbours, but also share the

same religion, culture, language and traditions. More importantly, they share similar historical experiences, especially in the struggle for national liberation. They helped and supported each

other in their fight for independence and cemented a profound friendship.

With this common background, the people of the Maghreb have long wished to establish a union to promote good-neighbourliness, co-operation and economic integration for common prosperity. To fulfil the people's wish, the governments of the five countries have made great efforts. Especially recently, many developments in the region have helped speed up the unification process.

The resumption of diplomatic ties between Tunisia and Libya towards the end of last year and between Algeria and Morocco in May this year has put the unification process on a solid foundation. On June 10 in Algiers, leaders of the five nations met for the first time since their countries won independence. At the historic summit the leaders discussed the situation in the region and agreed to make joint efforts and take co-ordinated action to realize unification. The meeting decided to set up a Maghreb commission composed of high-ranking officials from the five countries.

The commission held its first meeting on July 13-14 and decided to form five special working groups in the areas of economics and finance, education, culture and information, social and humanitarian issues, and the organization of the future Arab Maghreb union. The groups will submit their findings and recommendations to the Maghreb commission, which will meet in the Moroccan capital of Rabat on October 24. If everything goes smoothly, the five countries will hold another summit meeting before the end of the year.

Co-ordination is being increased with a view to uncovering common points of view and working out some realistic and systematic ways to build the Maghreb union. At the same time,

co-operation in economic, technological and many other fields is rapidly developing. Some joint agricultural, industrial and capital construction projects are already under way. It will soon be possible for the citizens of the five Maghreb countries to move freely in the region by only showing their identification cards.

But establishing a Maghreb union is not an easy job. There should be no playing down the complexity of the problems involved, nor should the difficulties be ignored. It is a cause that requires patience, effort, imagination, courage and even sacrifice. Maghreb leaders and the people of the region are well aware of this.

Unfortunately, the Western Sahara conflict—a legacy of colonialism—interfered with progress towards the goal of Maghreb unification. Disputes between Algeria and Morocco led to the severing of diplomatic relations in 1976, freezing their co-operation for a long time.

Today, however, the overall situation has become extremely favourable. Morocco and the Polisario Front, as well as the Organization of African Unity and the United Nations, are making co-ordinated efforts to peacefully negotiate a satisfactory solution to the Western Sahara issue.

We are convinced that the Maghreb leaders and the people of the region will continue to work hard for the construction, development and progress of the Maghreb.

by Liu Youyuan

CORRECTION: In *Beijing Review's* issue of June 27-July 3, 1988, there was an error on page 13 in the sixth paragraph of the article "Maghreb: Signs of Reconciliation Appear." The last two sentences of the paragraph should read: "After Spain withdrew from Western Sahara in 1976, disputes over the Western Sahara issue sharpened among some Maghreb countries. This led to the severing of diplomatic relations between Algeria and Morocco."

International Studies

Contents of Issue No. 3, 1988

Political Democratization, Economic Diversification and Pluralization in Foreign Relations—The Process of Latin America's Development in the 1980s and Its Prospects in the 1990s

Wang Hexing

The Racial Conflict in Sri Lanka and the Relations Between Sri Lanka and India

Guan Gong

An Analysis of the Relationship Between India and the Soviet Union

Zhu Rong

A Meeting to Seek Good-Neighbourliness and Co-operation—A Comment on the Foreign Ministers' Conference of the Balkan Countries

Huang Zhenming

Economic Relations Between Western Europe and the Soviet Union and Eastern Europe

Shi Qikang

The 1988 US Presidential Election

Pan Tongwen

Thailand's Economy Is Taking Off

Shen Shishun

South Korea After Roh Toe Woo Comes Into Office

Third World Economy

The Fundamental Solution to the Debt Problem Lies in the Development of the Third World Economy

Zhen Bingxi

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China's Foreign Relations: A Chronicle

Industry Booms on the Zhujiang River Delta

by Our Correspondent Han Baocheng

The economy of Guangdong Province in south China has been growing at an annual rate of 17 percent since 1980. In 1987, the province's GNP jumped to fourth place out of the mainland's 29 provinces, municipalities and autonomous regions, and its export value to first place. A major contributor to this success is the development of the Zhujiang (Pearl) River Delta.

The Zhujiang River Delta in Guangdong Province has an abundant labour supply. In recent years, however, hundreds of thousands of outside labourers have travelled to the area to look for jobs with decent wages. On a recent trip to the delta, this correspondent discovered why the delta has proved so attractive.

Dongguan: Processing Business

Lying between Guangzhou and Shenzhen, Dongguan began to undertake foreign processing business just after the Shenzhen Special Economic Zone in Guangdong Province. Formerly a county, it became a city in 1987 and now has jurisdiction over 34 towns. On its 2,465 square km live 1.25 million people.

Since 1980, the value of Dongguan's industrial and agricultural output has been increasing at an average annual rate of 20 percent, higher than the provincial and even national average. In 1987, its industrial and agricultural output value reached 3.64 billion yuan.

Local people attributed this success to the development of processing imported materials since 1978. This can largely be attributed to the proximity of Hong Kong—it is just 100 kilometres to the Kowloon

Zhujiang River Delta



Peninsula, where many Dongguan residents have relatives.

Co-operation in the processing business has proved straightforward for both partners. Hong Kong supplies raw materials, equipment and product models, and is responsible for the necessary technical training and marketing. Both the import of raw materials and the export of finished products are duty-free — all the local customs have to do is to check that the quantity of outgoing goods tallies with the quantity of incoming raw materials. As Dongguan can carry out processing work at a quarter to a third of Hong Kong rates, the co-operative business has proved lucrative.

"In the beginning, we just hoped to find jobs for surplus

rural labour. But as the evidence shows, the development of this business has given us much more," said Chen Songji, director of the foreign processing business office. He added that all foreign exchange earnings were used to beef up technical strength by importing advanced equipment and training the workforce, which in turn gave further fillip to business growth.

Now foreign partners come from not only Hong Kong but also the United States, Japan, Canada, Federal Germany and Australia. Most contracts have a duration of five to ten years, as against less than three years previously. Altogether, about 2,500 enterprises are involved in processing, and in the ten years to 1987, Dongguan's income from this work totalled US\$455 million —

US\$107 million coming in 1987 alone.

With money in hand, the municipal government has set out to improve the city's investment environment by undertaking a large construction programme. Dongguan now has a micro-wave communications and facsimile network with a computerized telephone exchange linking not only the rest of China but also the rest of the world. Passenger and cargo ships travel to Hong Kong daily, as do container lorries. In the past few years, 140 million yuan has been spent on roads and bridges, and power shortages, formerly a chronic headache, have eased with the partial operation of two large thermal power stations with a combined generating capacity of 1.9 million kw jointly

A rural highway in Dongguan, Guangdong Province, part of the improved communications network which is proving attractive to foreign investors.

LI CHANGYONG

The Zhujiang River Delta

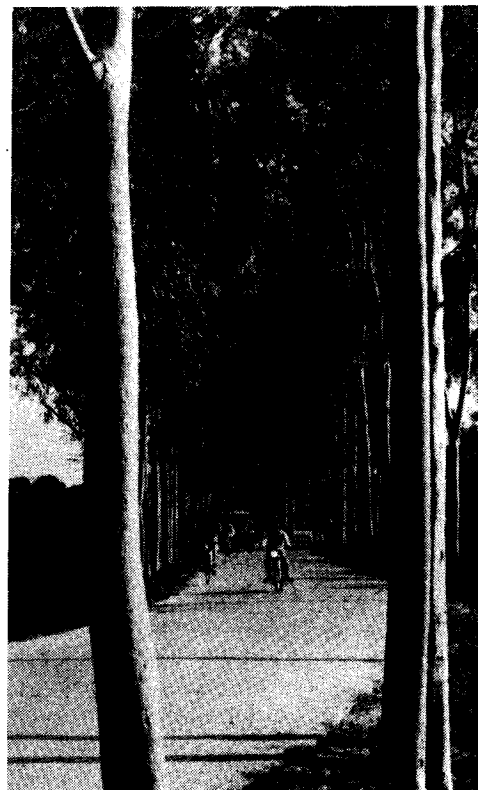
The Zhujiang (Pearl) River Delta flows into the South China Sea through southern Guangdong Province. At the Southern fringe of the subtropical zone, it covers 22,700 square km and has a population of 10.27 million. The delta embraces more than 40 cities and towns, including Guangzhou, Foshan, Shenzhen, Jiangmen, Zhongshan, Zhuhai and Dongguan. Densely populated, it is economically well-developed and abounds with rice, sugarcane, silkworm cocoons, litchis, bananas, oranges and freshwater fish. Its main industries are sugar refining, textiles, foodstuffs and paper-making, supplemented by electronics, electrical appliances, synthetic fibres and plastics.

With Hong Kong and Macao as its neighbours, the delta has been an important trading place since ancient times. Its history of

emigration dates back 1,000 years, and now there are more than 10 million Chinese descendents living abroad with roots in the delta. These countless ties and overseas influences have rooted a great sense of commerce in the local people.

The Beijing-Guangzhou and Guangzhou-Shenzhen railways run through the delta, and highways radiate in all directions. There are 823 natural waterways in the area, including 50 major navigation channels and nine direct routes to Hong Kong and Macao. More than 90 harbours and ports are scattered across the delta, and Guangzhou's Baiyun Airport has scheduled flights to Manila, Bangkok, Sidney, Singapore and 21 Chinese destinations.

Yang Chunnan





LI CHANGYONG

Farmers of a village-run factory in Dongguan making sweaters for export.

becomes sole owner of the machinery.

In Houjie Town, 150 enterprises are in the processing business. One of them, the Bangde Garment Factory does work for the Buitel Garment Making Group of Federal Germany, and has plans to expand production this year.

"Before we came, we worried a little about the skills of the workforce here," said a senior Hong Kong employee of the Germany company. "But after training, they have become as skilled as their Hong Kong counterparts. Now the key lies in management."

Things have not always been harmonious, however. Disputes

funded by Chinese and Hong Kong businesses.

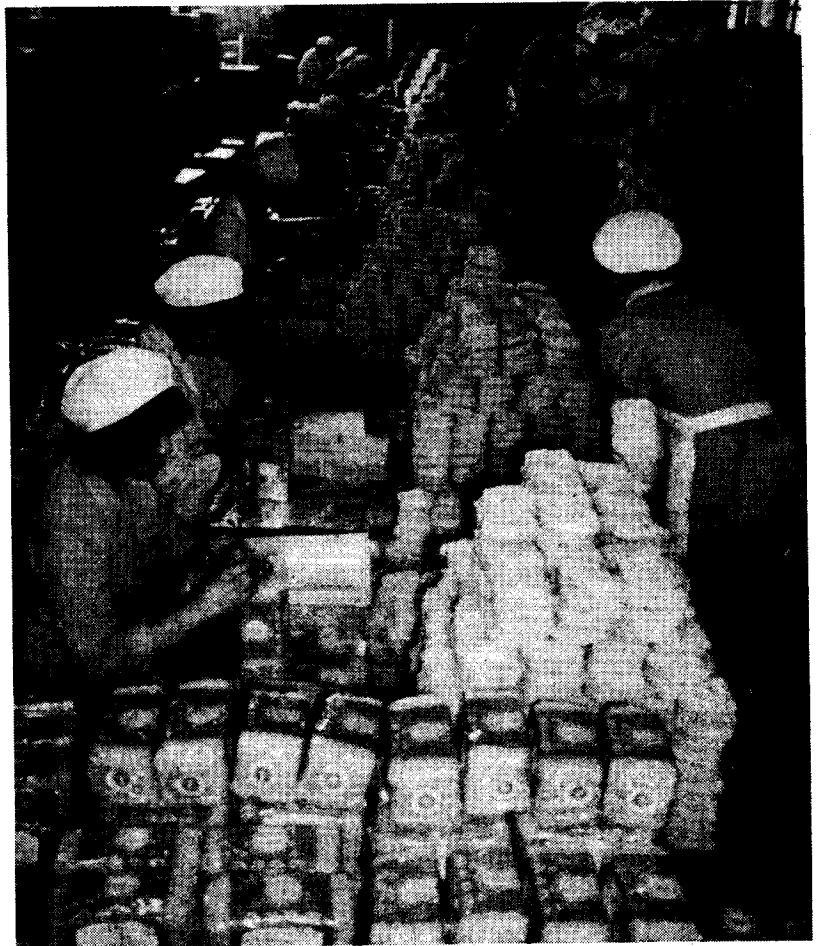
To further develop its processing industry, the city government has decided to simplify examination and approval procedures for establishing Sino-foreign joint ventures, co-operative and solely foreign-owned enterprises. A special office now exists to handle the paperwork—often completing it within a single day. And it is this kind of efficiency which continues to attract foreign businessmen.

An example of a successful processing company is the Wang-cheng Dress Factory, which has been working with Hong Kong companies for six years. With 400 workers (50 percent from other parts of China), the factory is the largest of its kind in Guangdong Province. Its latest partner is the Cheung Hing Co. of Hong Kong. With a five-year contract signed, the Hong Kong side has dispatched three experts to provide technical guidance, machinery maintenance and quality control.

The Chinese side pays 20 percent of the equipment maintenance costs each year, and at the end of the contract period

Fine rice noodles produced by the Shilong township foodstuff processing factory in Dongguan are favoured by Hong Kong and Macao consumers.

LI CHANGYONG



have often occurred. "But in handling these matters, we strictly abide by the letter of the contracts signed," said a local official. "And so, in the last few years, we have solved 3,000 such disputes and protected foreign interests to the tune of HK\$2.6 million."

Huizhou: Industrial Corridor

Huizhou, to the southeast of Dongguan, has roughly similar conditions. But as it did not open to the outside world until 1984 they slightly resent their successful neighbour.

Perhaps because Huizhou was the birthplace of Liao Zhongkai, assistant to Dr Sun Yat-sen, and the famous Red Army general, Ye Ting, and perhaps because Shenzhen and Dongguan used to belong to Huizhou, the people of Huizhou take a marked pride in their city.

"We don't like the way Dongguan has developed itself," said a local official without reservation. "As Dongguan employs workers from the surplus rural workforce, its industrial distribution lacks an overall plan, and, from the long-term point of view, this will prove unfavourable

for the large-scale development of local industry and agriculture."

According to the official, Huizhou's first priority has been to improve its investment environment. Efforts are being made to build highways, railways and ports so as to flank the routes to Shenzhen and Guangzhou with factories to form an "industrial corridor."

A total of 90 processing districts will be built, and construction of 2.13 million square metres of factory workshops is pressing ahead. Over 1 million square metres have been finished already and sold to foreign businessmen.

Around 280 foreign companies have invested US\$163 million in the city, and at the Guangdong foreign business and trade symposium last March, Huizhou secured another 86 agreements and contracts valued at US\$250 million.

Only 47 miles to downtown Hong Kong, the city is attractive to foreign businessmen. At present, a port for 30,000-ton ships and a hovercraft dock are being built along with the customs buildings and a commodity inspection institute—all of which should be completed by the end of

the year.

The municipal government has handed over a 30-square km area to the newly formed Kanghua Development Corp. for its free use for 20 years. The corporation has ambitions to turn the land into a second Shekou—the most developed technology-intensive industrial district of the Shenzhen Special Economic Zone.

It has already set up the Foreign Service Co. to handle negotiations and contracts with foreign investors. Small joint-venture or co-operative projects can be approved within 24 hours, and large projects within three days. Projects which need the approval of provincial or state departments will get a reply within seven days.

Now many joint ventures in Huizhou are managed directly by overseas companies. A local official said that the city intends to establish a new economic order. "Of course it will be in accordance with Chinese law, but we hope it will also match the aspirations of foreign businessmen," he said.

Machine Builder

The city of Jiangmen stands 130 km south of Guangzhou on the

Shenzhen North Railway Station, which came into operation in 1986.

HUANG JIANQIU



banks of the Xijiang River, a major tributary of the Zhujiang River. With the opening up of Guangdong Province, many companies across the region have been granted the right to manage their own exports. And Jiangmen, with its well-developed machine-building industry, has taken full advantage of the opportunities going.

Large amounts of labour and funds have been poured into improving the city's infrastructure, which has included the construction of a dock for passenger ships to Hong Kong. Recently, the Jiangmen branch of the China Machinery and Equipment Import and Export Co. (CMEC) invested 1.2 million yuan in a modern warehouse to further increase its constantly expanding exports.

Indeed, CMEC is probably one of the major reasons for the success of Jiangmen. Branch manager Li Junshan said his company's primary task is to help local enterprises enter the world market. It provides them with market information and financial assistance to help improve the quality of their products and develop competitive new ones.

One business that has benefited from the help of CMEC is the Jiangmen Powder Metallurgical Factory, a former manufacturer of replacement parts for motor vehicles and farm machinery. Faced with a shrinking market, Li's company became involved, and the factory began to produce magnetic materials for the Hong Kong International Co. Ltd. Since then its production capacity and the quality of its products have increased constantly. Director Wu Zetian said: "We have done our best to maintain this co-operative relationship. In 1984, owing to the revaluation of Japanese yen, the Hong Kong dollar depreciated causing heavy losses for our Hong Kong partner. Because of this, we

proposed lowering our processing fee from HK\$480 to HK\$380 per ton. As soon as business picked up for the Hong Kong side, they raised the processing fee again."

The Xinhui Electrical Machinery Factory, a producer of ceiling fans for industrial use, imported a production line with a short-term loan from the CMEC Jiangmen branch, who also helped to search out clients and commission agents around the world. To date, the factory has established stable business relations with over 40 foreign businesses and its products are exported to Africa, Central America, Europe and the United States. Its export value rose to US\$2.06 million in 1987 and is expected to grow by a large margin this year. As the market for industrial fans is relatively limited, the CMEC Jiangmen branch has also provided the factory with foreign exchange to develop new products, some of which began to roll off the production line in March.

Branch manager Li said: "Through assisting these local industrial enterprises, we have expanded our business and cemented our relations with overseas businesses."

Moves Towards Modern Management

A major feature of economic development on the Zhujiang Delta has been the shift of township enterprises into export-oriented business. A typical example is Shunde County, 50 km southeast of Guangzhou. With well-equipped local businesses, the total income of the county's township enterprises amounted to 3.177 billion yuan (60 percent of the county's total) in 1987.

The Yuhua Industrial Co., housed in an 11-storey, 7,800-square metre building in Beijiao Town, is a successful township

business which has become well known in Hong Kong. Its general manager, Ou Jianquan, has been dubbed "the electric fan king" by a Hong Kong television station. Formerly the director of an electric fan factory in the town, by keeping abreast of market trends and endeavouring to improve production techniques, he made his factory turn out an electric fan which can be put into mosquito nets. Convenient and safe—stopping automatically when it topples over—it has enjoyed brisk sales in southern China and Southeast Asia. With the fan's profits, the factory has built cylinder and plastic factories equipped with imported production lines.

The company has also pooled funds with a Hong Kong business to build the largest microwave oven factory in China. The first production line, with an annual capacity of 400,000 ovens, started running last June, and the third stage, with an annual capacity of 1 million, should be operating soon. Around 95 percent of its products will be sold abroad, and orders had been placed at the beginning of this year for all the factory's output in the second half of 1988.

Last year, at the invitation of a US company, Ou visited America and was impressed by the company's advanced techniques and management skills. He found that the main difference between his company and the US business lay not in technology but in management expertise. Today, the Yuhua Co. has been equipped with facsimile machines and other modern telecommunications equipment. Its work efficiency and management level have also improved.

Last year, Ou was rated as one of the 10 best farmer entrepreneurs in China. Soon afterwards, he received more than 500 letters from large cities all over China. Many were written by engineers of



Ou Jianquan (right) checks the quality of his factory's output.

HUANG JIANQIU

large enterprises applying for work; quite a few have been employed and already made contributions to developing new products. To improve the quality of his workforce, Ou has sent many workers and managerial personnel on group study courses to universities in China.

Last year, the company's total industrial output value exceeded 100 million yuan. It is expected to reach 170 million yuan this year, and jump to 300 million yuan by 1990.

Advancing Inland

In developing its export-oriented economy, Guangdong

has rapidly matured from being a novice to expert status. And as it has done so, industry has penetrated from coastal to inland areas. Initially, foreign investment was concentrated in hotels, tourist facilities, clothing, processing, electronic and other projects with a short capital recovery period. Since 1983, as the confidence of foreign investors has increased, so has the number of large projects, until in 1987, 94.3 percent were based in manufacturing. Up to now, more than 1,000 foreign businesses have invested in the province's hilly areas due to their preferential policies and cheaper labour.

Between 1979 and 1987, the

province absorbed US\$5.47 billion in foreign investment, accounting for 50 percent of the foreign funds used by the nation as a whole. Contracts for Sino-foreign joint ventures, cooperative businesses and exclusively foreign-funded enterprises totalled 5,193 in Guangdong—over 40 percent of the country's total. It has also signed contracts for 70,000 projects involving processing or assembling imported materials or according to foreign supplied designs and samples. During the same period, foreign funds were used to upgrade 7,653 projects and import 2,000 production lines. In 1987, Guangdong exported US\$5.56 billion worth of goods and its GP exceeded 100 billion yuan.

To improve its investment environment, the province has sunk large amounts of money into its infrastructure. By last May, the province had increased its generating capacity by 1.286 million kw. The completion of a road bridge between Guangzhou and Jiangmen in June this year has linked the two cities and helped ease the strain on local energy, transport and communications. Currently, construction of two expressways from Guangzhou to Shenzhen and Zhuhai and a number of local railways is under way. In recent years, the province has opened 107 additional trading ports, including 26 for passenger terminals.

However, Guangdong still faces a shortage of raw materials. In May, the Guangdong International Trust and Investment Co. issued 20 billion Japanese yen worth of bonds in Western Europe to raise funds to solve this problem. In partnership with a Hong Kong business, a chemical fibre factory has recently been put into production in Foshan, and a steel rolling mill with an annual production capacity of 500,000 tons of sheet steel should be completed by 1990. ■

Ten Theoretical Questions Facing Reform

by Zhao Ai and Wu Ming

The State Commission for Restructuring the Economy has summed up the theoretical questions facing reform, discussed among Chinese economists, into the following ten major issues.

Characteristics of the Primary Stage of Socialism

The 13th Party Congress stated that China is in the primary stage of socialism. Recognition of this fact represents the theoretical achievements in economic structural reform of the past ten years and the progress made by China's economic circles.

In considering the characteristics of the primary stage of socialism, Chinese economists generally favour the viewpoint that: The imperfection and immaturity of socialism have combined to discourage a full show of its superiority. The main manifestations of this are: On the whole productive forces are at a low level, operating through multiple layers and developing in an imbalanced way; the relations of production are characterized by the coexistence of various economic sectors (with the public ownership of the means of production predominating) and various methods of distribution (with distribution according to work as the major one). Although a socialist political system of people's democratic dictatorship has been established, the democracy is imperfect and its legal system is also imperfect; decadent feudal and capitalist ideologies and the forces of habit of small

producers still exert a strong influence.

Planning and Marketing

Chinese economic circles have, from the beginning of the economic structural reform, been locked in a debate over relations between planning and marketing. The main arguments are:

Some believe that the planned economy is basic to socialism, arguing that although under socialism there is the need to develop commodity production and exchange, it does not mean that socialism is being equated with the commodity economy.

Others hold that a socialist economy has the dual features of planned and market economies. This, however, does not rule out a relationship between commodities and money; it is the planned economy which relies heavily on commodity production and the exchange of commodities. Thus the commodity economy becomes one of the basic economic features of socialism.

With regard to regulation through planning and marketing, the following three viewpoints hold sway:

- Regulation through planning is applicable only to production and construction projects necessary to the society because they concern the national economy and the livelihood of the people.

- Regulation through planning and regulation through marketing are mutually related. Many products are subject to both kinds of regulation, with regulation

through planning achieved through market regulation.

- The implementation of regulation through planning involves a weakening of market regulation; socialist society will eventually see the replacement of market regulation with regulation through planning. In the meantime, the latter should gradually be used more and market regulation should be gradually phased out. As the relationship between commodities and money becomes less important and market regulation is replaced by regulation through planning, planning regulation will become the only means of regulating the socialist economy.

Models of Reform

Many economic research institutions take the targets of economic structural reform as their main subjects for research. They favour the following four models of reform:

Those who uphold the planned commodity economy model see the model, which is based on the inherent unity of the planning and marketing mechanisms, as differing not only from the highly unified traditional planned economy model but also from the market economy model. It is a merger of regulation through planning based on market mechanisms and market regulation under the guidance of planning.

Those who support the model of market regulation subject to macro-control under the guidance of planning see the major features

of the model as: A concentration on revitalizing enterprises using economic means as the major form of indirect control; an integration of the principles of material benefits and social justice; and an extensive development of lateral association.

Supporters of the model of integrating a commodity economy based on public ownership with a planned economy present the basic aims of the model as a replacement of the old macro-regulating mechanism of the product economy with the new macro-regulating mechanism of the commodity economy.

Supporters of the planned market model hold that the model basically aims at integrating direct and indirect controls, with indirect control playing the major role; adjusting enterprises' general activities and market environments; and readjusting the scope and structure of total social supply through adjustments to total social demand.

Ideas About Reform of Ownership

- Perfect state ownership and change its connotation. Separate enterprise ownership from managerial power under the system of state ownership and allow diversified methods of operation.

- Turn ownership by the whole people into enterprise ownership with independent management and sole responsibility for gains and losses.

- Replace state ownership with a shareholding system. A portion of the assets of enterprises owned by the whole people are thus carried over to the enterprise; workers buy enterprise shares, the state sets up a shareholding company which ensures that the enterprise is jointly run by the state, the enterprise and the workers.

Ownership reform is not just an

idea; it is a reality. But the question of how far the reforms should go (for enterprises to demonstrate creativity and China to keep to the socialist track) is the focal point of serious studies by Chinese economists.

Some economists deem it necessary to proceed from the actual conditions of development of productive forces to set the ratio of ownership by the people to collective ownership, semi-socialist ownership and non-socialist ownership at 5:3:1:1.

Others maintain that to rationally set a ratio for the different forms of ownership, it is necessary to ensure "quality, quantity and extent." To achieve "quality," efforts should be made to guarantee the leading role of the public-owned economy and allow the individual economy to coexist and develop with other economic sectors. With regard to "quantity," efforts should be directed at guaranteeing the absolute superiority of the public-owned economy. It is better to have a 10-20 percent and 20-30 percent contribution from the individual economy and other economies respectively to industrial and agricultural output values; the percentage may be higher for commerce and service trade. As for "extent," the aim would be to uphold the socialist orientation and promote the rapid development of social productive forces.

Key to the Reform

There are five main viewpoints on the key to China's economic structural reform and its development.

- Price reform is the key to economic structural reform; correctly handling the internal relationship between price and ownership reforms, fully understanding the role of price reform in the economic structural reform,

and analysing the focus of price reform are essential to designing reform ideas and programmes.

- A breakthrough in the reform is possible through ownership reforms, the key to which lies in perfecting socialist ownership by establishing reasonable mechanisms for guiding the distribution of interests and benefits.

- The fundamental drawback in the traditional economic system is the imperfection of the market mechanism. Therefore, the aim of the reform is to perfect that mechanism and use it as a basis for setting up a new economic system—the planned commodity economy.

- The success of the reform does not lie in the enforcement of a given programme. Rather, it lies in the co-ordinated implementation of various related reform measures.

- The key to economic structural reform does not lie in the reform itself but in reforms to the society. A breakthrough in the economic reform will not be made through the economic structure itself but through reforms to the political system and to public psychology.

Shareholding System

The shareholding system is a hot topic of discussion among Chinese economists. Some assert that there exists an essential difference between a socialist commodity economy and a commodity economy based on private ownership, and that the shareholding economy is not the inevitable result of a development of the socialist commodity economy; the implementation of the shareholding system will not entail a proper handling of the relationship between the government and the enterprise, rather, it will further blur the distinction between the two; and implementation of this system will, to a certain extent, result in more

irrational enterprise performance. Distributing dividends according to shareholdings is likely to lead to a swelling of the consumption fund, leaving the problem of good short-term performance unsolved.

Other economists feel the shareholding system should be implemented under given conditions only. This would be good for the concentration of capital and the effective combination of various essential production elements. However, the system should not be adopted across-the-board: especially not in enterprises which yield high profits.

Supporters of the view that the shareholding system is important to state ownership reform and that the system could become a major economic form of ownership reform hold that the system could concretize the relationship between various types of ownership, eliminate the situation of no accountability for the assets of enterprises owned by the whole people, build up a relationship characterized by a mutual interaction between enterprise owners, managers and workers, promote development towards rational enterprise performance, amass idle social funds to hold down swelling investment, and lead to a fairer allocation of social resources. As the enterprise shares are also bought by the workers, the workers naturally become concerned with the enterprises' production and performance.

Three Opinions on the Contracted System

Although the contracted responsibility system is approved by the government, economic circles in China have not reached a consensus on the merits of the system.

Those who disapprove of the system see it as a barrier to deepening reform. Under the

system, they argue, the enterprise and the state are able to bargain which makes it difficult to establish comparatively normal rules and regulations; the contractor pursues short-term interests and will therefore make the most of available equipment to make fast profits, affecting long-term investment and creative activities, and the readjustment of the production structure and product mix.

Those who support the contracted responsibility system hold that the system will help ease the impact of the psychological shock of ownership reform. Moreover, it suits present management and technical levels. The fixed base figure for profits and the fixed proportion of profits to be retained will, to a certain extent, form a controlling influence on the enterprise budget. The relationship between the state and enterprise is established through signed contracts, which is very likely to lead to a separation of enterprise management from government administration. The contracted responsibility system also meets the needs of the basic reform strategy: to seek progress through stable endeavours.

There are also those who adopt a circumspect attitude. They hold that the system is not a normal one, but suits China's present level of management and technology; it is therefore the most realistic and the most effective transitional measure for deepening enterprise reform and constitutes necessary stage in the transition from the product economy to the commodity economy.

The Labour Force as Commodity

Under socialism, the labour force is not a commodity but, with the thrust of reforms, this theory has come under new scrutiny.

Those who insist that the labour force is not a commodity believe that only in the capitalist world is that concept upheld. Opening up the job market will not automatically reverse this and the institution of the labour contract will not pave the way for the labour force to become a commodity.

Opponents to this view differ in their reasoning. These differences boil down to the following:

- Under socialism, labour is not only the sole means for subsistence but also the only criterion for handing out remuneration. The dual nature of labour makes it a commodity under socialist conditions.

- Socialism has not eliminated the two basic conditions under which labour can become a commodity: labourers enjoy personal freedom; as the means of production are owned by the group of labourers, not individual labourers themselves, labourers still own "nothing."

- Under socialism, labourers have become the masters of society. As there exist different ties between the ownership of the means of production, the right to its use and the right to enjoy its benefits, the establishment of this position is not decided exclusively by ownership. Therefore, there exists no contradiction between the labour force as a commodity and labourers as masters of the society.

There are two other viewpoints: One that under socialism the labour force takes on a dual nature of commodity and non-commodity; the other, that the labour force is not a commodity but has the quality of commodity.

Hiring Labour

The way in which labour is hired is also a controversial issue. It is understood that under socialism

there is no exploitation. But the reality forces people to cast doubts on the theory.

Those who defend the socialist approach to hiring labour hold that this management method is inherited from capitalism when socialism is underdeveloped. It is therefore a kind of labour form with capitalist elements.

Some hold that hiring labour has either a capitalist nature or elements of capitalism.

Others see it as semi-socialist in nature as only a small part of after-tax profits go towards collective accumulation or awards for labourers.

Then there are those who hold that the hiring of labour falls into the realm of the private economy; it decides that the ownership of (including the right to use) the means of production is separate from the labourers, and the employers enjoy the surplus labour of their employees. As the labour force is not a commodity, however, this private economy is different from capitalist wage labour.

Some people contend that hiring labour has a dual nature. On the one hand, as part of the profits made by employees go to the employer, it involves a kind of exploitation. On the other hand, as the remaining profits go to the collective and the state, it is also socialist in nature. The employer uses a certain proportion of net income in employee wages, so

labour hire has the nature of joint labour and wage labour.

Macro-Economic Policies

Chinese economic circles have played a growing role in guiding China's economic performance and the deepening structural reform. This finds expression in their proposals for the formulation of macro-economic policies. The following four viewpoints predominate:

■ **Restricting demand.** Economists feel that the emphasis of macro-economic policies should be on restricting total demand because: China's economy falls into the category of shortage economy with a demand prone to swelling; the financial deficits of the past few years, the over-supply of paper money and the overspending of national income, have meant that China could not fundamentally improve its situation of demand exceeding supply; and reform calls for a fairly free economic environment. This being the case, it is necessary to ensure that total social supply is greater than demand.

■ **Stimulating demand.** Macro-economic policies should be geared towards increasing investment and stimulating demand to maintain a fairly high growth rate. Major reasons for this view are: Balance achieved through controlling demand is in fact a passive, short-term balance achieved when

the capability of producing goods in great demand has not been fully exploited. This serves to restrict economic development; the free environment required by the reform will be created only by developing the economy. It is not realistic to conduct reform when enterprises have created a free environment.

■ **Increasing supply.** Macro-economic policies should be geared towards increasing supply as control on demand does not suit the Chinese reality. Regulation of demand alone will not be able to solve problems such as the readjustment of structure and the allocation of resources; restricting demand will not exert a positive influence on supply. China's basic industries and facilities are backward. Growing consumption trends have placed greater demands on the construction of infrastructural facilities.

■ **Integrating supply and demand.** Both restricting demand and increasing supply have their strong points. Demand restrictions counter-act the economic cycle by restricting or stimulating demand to quickly achieve a balance between total supply and total demand; the latter aims, through improving the benefits of supply and optimizing the allocation of resources, to increase future supply. Rather than replacing one with the other, the two should compliment each other. ■

The World Today — Unity and Contradiction

by Wan Guang

Today's world, though set to become a more unified one, is at the same time filled with glaring contradictions.

Its growing unity is evident in the increasingly improved relations between countries. The development of communications

and information technology has brought distant parts of the world closer than ever before. Economically, all countries have become

more tightly linked as progress towards economic internationalization quickens. The new technological revolution has promoted international scientific and technological exchange. The world as a whole is faced with such problems as ecological decline, disease, over-population and, above all, the two cardinal issues—peace and development.

But there are also many contradictions. East-West and North-South conflicts are growing, although they also condition each other.

Relations between the United States and the Soviet Union have entered a new phase characterized by frequent dialogues and a trend towards relaxation. But each nation, in hope of breaking up the present "equilibrium of nuclear terror" and gaining a strategic edge over the other by the beginning of the next century, is launching into a new round of competition to increase national strength and a new arms race to develop space weaponry, new types of nuclear weapons and high-tech conventional weapons. Each is continuing to scramble for regional supremacy.

Washington and Moscow, however, must exercise restraint and coexist while competing against each other. The growing world force for peace and the "equilibrium of nuclear terror" have prevented them from unleashing a world war. Subject to public pressure for detente and disarmament, and internal and external difficulties, both superpowers have found it necessary to negotiate on regional issues and arms control. They must seek to establish new rules for competition, including compromises on weapons reduction. Both are tending to rely more and more on political and economic means, rather than direct military confrontation, to achieve aims of regional control.

The United States, Western Europe and Japan—the world's three economic centres—are also co-operating while competing with one another. Their economies are becoming more and more closely connected through mutual investment, trade, and technological exchange and co-operation. They also share common political interests. But economic, scientific and technological competition is growing sharper between them. Japan, in particular, is more and more seriously challenging the status of the United States and Western Europe.

When competition between these nations becomes so strong that it poses a threat to their common economic and political interest, efforts at co-ordination will be made. Of course, such efforts cannot alter the nature of their relationship which will always be based on competition.

Turning our attention to North-South contradictions, as the economic and technological gap between developing third world countries and the developed nations widens, North-South conflicts are deepening. Since entering the 1980s, many developing countries have met with economic troubles as a result of the falling prices of primary products, increasing debts and trade protectionism exercised by the West.

But there is another side to the relationship between developed and developing countries—mutual dependence. Developing nations are important markets for Western goods, and their debt crisis has a major impact on Western banking and business. Developed countries cannot continue to base their economic growth on the poverty of third world countries for long. If the economies of developing countries continue to deteriorate, the interests of the developed world

will also suffer. Western nations therefore have an obligation to mend North-South relations. In this, West European countries have adopted a more farsighted approach than the United States.

One notable contradiction in the world is while there is a move towards unity, the trend towards independence is becoming stronger. Multi-polarization and diversification are growing forces in the world.

Since the end of World War II, earth-shaking changes have taken place in the third world and as a result many countries have gained their independence. These countries have maintained that independence and a firm grip on their initiative. A number of regional groups have developed in the third world.

Within the two military blocs headed by the United States and the Soviet Union, the trend towards independence in West and East European countries has developed. The aims of the two superpowers to monopolize world affairs have been rejected time and again, and smaller nations have taken an increasingly active part in world affairs. The strength of the two superpowers has decreased, the bi-polar world system is on the decline, and a tendency to multipolarization has become obvious.

With the more and more rapid internationalization of the world economy, many economic centres have been formed. Besides the three big Western economic centres and the Soviet Union, Asia, the Pacific and other regions are now building up their own economic centres. World economic forces are now openly competing and strengthening their own organizations.

The world's socialist countries have not presented a single model but various developing models. US and Soviet attempts to impose their own models on other

countries have failed. Third world countries are exploring their own ways towards development, as have many Western countries. Each country is seeking its own model to suit its own conditions. World development is thus diversified and constitutes an expression of the world trend towards independence.

At present many countries are devising and implementing development strategies for the 21st century, laying the stress on scientific and technological development, economic growth and an increase in comprehensive strength. For many countries, this involves reforming and restructuring their economies and political systems, and regulating domestic and foreign policies. Socialist countries are reforming their economies and political systems. Many third world countries have since the 1980s revised their development strategies, and readjusted their industrial structures

and economic systems. Even Western countries are readjusting their economic policies, and industrial and economic structures. The winds of reform are blowing all over the globe.

Many countries have adopted more open policies and engaged in international exchange and cooperation, thus linking their own development with world development and promoting world integration. Their purpose is to enhance their capability to compete in the world. Sharp competition has become part of the approach to development.

Socialist and capitalist countries have each adopted the other's management forms and methods which most meet their own interests. The forms are not necessarily specific to one or another system; they have grown up out of commodity economy and large-scale social production, or scientific and technological development. But the two systems

are attempting to achieve their own individual targets. Western countries want to maintain their capitalist system and socialist countries are seeking to improve their socialist system. This forms the competition between the two systems, and still other types of competition exist between different economic models within each system.

The period from now to the 21st century is a key one. Looking at all factors, including the technological revolution, economic and military strength, a significant change in the balance between major forces, including the United States and the Soviet Union, the three big Western economic centres, developed and developing countries, and developing countries themselves, will probably take place with the beginning of the 21st century. All countries are now engaged in fierce competition, in the hope of gaining a favourable position at that time.

Why Shanghai People Enjoy Long Life Expectancy

by Ye Shitao and Ma Xuesong

China's largest industrial city Shanghai is plagued by a high population density, overcrowded housing, traffic jams and serious environmental pollution. The people of Shanghai, however, enjoy the longest life expectancy in the country.

According to statistics, China's average life expectancy is 69 years, and Shanghai's is 74.7; the average for men, 72.54 and for women, 76.85. During the early 1950s, shortly after the liberation of Shanghai, the average life expectancy was 35 but this had increased by one year annually up to the end of 1987.

In the past, farmers usually lived a longer life than city dwellers. But now Shanghai city

dwellers enjoy an average life expectancy of 75.73, 2.3 years more than farmers on the outskirts of Shanghai. This is already on a par with life expectancy in developed countries. Shanghai is the first city in China to record an unusually high elderly population. Out of a population of more than 12 million, 1.65 million are people aged over 60. About 1.08 million are people aged over 65. There are more than 40 centenarians, twice the figure of five years ago. Why do Shanghai people enjoy such a long life expectancy?

Physical Exercise

At dawn, groups of elderly people can be seen under trees in

the parks or in small open grounds along the boulevards practising *taijiquan* (shadow boxing), *qigong* (breathing exercises), or disco dancing. They keep up their outdoor exercise all year round, rain or shine.

Many retirees who are sports fans and in good physical condition have organized themselves into football, basketball, table tennis, badminton, gateball and tennis teams which are becoming "special forces" in Shanghai sport circles.

Sporting tours for old people are quite popular in Shanghai. Groups of old people, the largest with more than one hundred, head for the country's charming



Students of the Old People's Arts School run by the Shunchang Neighbourhood Committee in Shanghai practise their calligraphy. REN LONG

mountains and rivers. After sightseeing, they are organized to take part in ball games, track-and-field events or sport matches against local teams of old people.

More and more old people adhere to the view that the "key to life lies in physical exercise." *Taijiquan*, *qigong* are their favourite sports because they can be done in slow, gentle movements which work every part of the body. Walking, slow jogging, bicycle riding and climbing stairs have been proved effective in strengthening lung and heart functions and prolonging life. Medical studies reveal that old people who run every day have 5 more kilogrammes of force in their leg muscles than those who do not run.

Known as a "National Healthy Old Man," 85-year-old noted mathematician Su Buqing summarized his philosophy of keeping it: Do more physical exercise and use your brain more." Professor Su has kept up walking the two kilometres to and from his university for several decades. Even when he was attending

meetings, he would still walk to the meeting venue if possible. "I believe that physical exercise can delay the progress of decline," he said. "People engaged in scientific research often sit for long hours, so they need more physical exercise to regulate the body and mind."

Yuan Dunzi and Mao Huiqin are thought to be the first centenarian couple in Shanghai. They still can walk without help; they make their own beds and dust and clean for themselves. Sometimes, Old Yuan goes out to buy vegetables at the nearby farmers' market. Though his wife stays at home, she is never idle. Years of physical exercise were an excellent way for them to achieve long life.

Wide-Range Medicare

Shanghai now has 7,300 medical establishments, gradually forming a network of public health services. In addition, many hospitals for the elderly and gerontology research institutes have sprung up. There are more

than 300 neighbourhood medical consultation stations for the old in towns and villages, playing an active role in the popularization of medical knowledge and an awareness of the diseases common in the elderly. Cancer, cardiovascular and cerebrovascular diseases and pulmonary emphysema are the major "enemies" which pose the greatest threat to their health.

Rational Nutrition

Chen Huizhen is now 101 years old, and still in good health. One of the secrets of her long life is her varied "miscellaneous" diet. She never had a partiality for any particular kind of food, and never ate too much. Apart from rice, buckwheat *jiaozi* (dumpling with meat and vegetable stuffing), rice mixed with sweet potatoes and pumpkin balls make up the list of her staple foods. She also eats fruit every day. She has three small meals a day, plus light refreshments twice a day. A varied diet such as Chen's is advocated by nutritionists: a combination of meats with vegetables, proper proportions of coarse and fine food grains; having more meals but eating little each time. Rational, balanced diets ensure that people acquire all the nutrients they need.

In recent years, more and more old people in Shanghai have turned to bean products, vegetable protein and vegetable fat in place of meat products. These foods help reduce cholesterol and fat levels and prevent cardiovascular disease.

Every year, Shanghai's commercial department puts out more than 20,000 tons of soya, red, green and broad beans on the market. The fine white beancurd packed in plastic boxes is well suited to the tastes of the old. Dried beancurd cooked with mushrooms or pepper and other

kinds of tasty bean products not only serve as complete dishes but also as refreshments. Bean milk and ice cream made with bean milk are favoured by old people.

Tonics which could only be afforded by the rich in the past have now become available for ordinary families, marking a rise in living standards for Shanghai people, and a universal concern about nutrition.

In recent years, *ginseng* sales increased 20 percent, to reach 200 tons in 1987. More than 70 kinds of liquid tonics are available on the market. For example, in 1987, 3 million boxes of "Shangyao" brand *ginseng* royal jelly were sold, and the supply still could not meet market demand. Various tonics for old people enjoy good sales all year round.

The number of old people who smoke has also dropped. Recognizing the health dangers caused by smoking, many heavy smokers determined to give up the habit. And the money they saved went towards better nutriment.

Finding Delight in Life

Respecting old people has become a common practice in Shanghai. Medical experts point out that psychological well-being is vitally important to the health of old people. Just as a Chinese proverb says: "Laughing makes a man young, worry makes his hair grey." The causes of cerebrovascular disease, cardiovascular disease and cancer are often related to social and psychological factors.

Xia Shucun is a centenarian living in Middle Huihai Rd. with her family—her adopted son and adopted daughter and her in-laws, all of them over 60. Xia's husband died many years ago. Though the family members have different family names, they all live happily together. Xia's filial generation show her respect and take care of



REN LONG

Ninety-year-old Zhang Hulan, professor with the Shanghai Physical Culture and Sports College, was awarded an honorary title for her outstanding contributions to Chinese sports by the UNESCO.

her, so she often praises them before others.

The oldest man in Shanghai is Su Juxian, a noted calligrapher. He is now 105 years old. Except for a cataract, he feels fine. When he was only eight years old, he began practising calligraphy using the Chinese writing brush and for 90 years he continued developing his writing skill. As old as he is, he can still use the brush without a shiver. The characters he produces are not only beautiful, but also ingeniously laid out. Long years of practice have earned him the title of calligraphy master.

For those whose tastes do not run to planting flowers, raising fish, playing musical instruments, painting and calligraphy, there is always some way to enjoy a long life. Li Yashi, 103, has three main "pleasures:" Being happy with whatever happens to be at hand; helping others with delivering newspapers, sweeping the floor or bringing in clothes hanging out to dry; and talking with other old people or playing with children. It seems incredible to strangers that the old woman has lived for more than a century.

Shanghai has set up more than 2,000 "old people's recreation rooms," and "homes for the elderly." In addition, 1,000 factories and enterprises have set up amusement rooms for their retired workers. About 14,000 old people are attending old people's colleges and schools to study such subjects as literature, history, painting, photography and culinary arts. A theatre group formed by senior citizens trained in opera and theatre at the Wuding Neighbourhood Old People's School, gave 53 performances last year. Through these activities many old people can enjoy the pleasure of a new life and no longer feel lonely.

The elderly population is expected to continue increasing. It is calculated that by 2025, the proportion of people over 60 in the population will go up from one in 7 to one in every 3.5.

Biologically, it is possible for one's life expectancy to extend to 110 years. Is it possible that the average life expectancy of Shanghai people will continue to rise? Zhou Guan hong, expert in gerontology and secretary-general of the Shanghai Old People's Health Research Society, is optimistic about this. He says the current low birth and death rates in Shanghai are attributed to the city's relatively developed economy, advanced medical care and higher cultural level, as well as the emphasis on family planning and child health. Particularly in recent years, the care of the elderly has received wide attention throughout the community. It effectively retards physiological and psychological decline. If Shanghai's housing, traffic and environmental pollution problems could be solved, the general health of its population would certainly be much improved. The day when the average life expectancy of Shanghai people extends beyond 80 is not far away. ■

Chinese Ways to Help the Old

"SHEHUI BAOZHANG BAO"
(Social Guarantee)

The household, as the basic provider for the elderly, is a long-standing part of China's social culture. Since the founding of the People's Republic of China in 1949, this fine tradition has been carried forward.

With the economic and cultural development of China's rural and urban areas, even more means of providing for the aged are now being offered.

1. Of China's total elderly population, 82 percent live in rural areas. They depend on their children, who supply them with food and clothing as well as funds for incidental expenses.

Since the 1980s, a retirement system has been gradually implemented in some prosperous rural areas. Old-age pensions are decided according to local economic conditions. Generally speaking, a retired farmer can receive a pension of about 20 yuan a month. The low level of provision means that old people must continue to depend on their children for support.

2. In urban areas, retired workers and staff members receive pensions and enjoy free medical care. China's present retirement system sets the retirement age at 60 for men and 55 for women. Pensions received by the retired come to about 60 to 80 percent of his or her monthly wages. Those who made great contributions during the revolution enjoy special care from the government. They receive full pay as well as an extra allowance for living expenses. The present retirement system basically ensures that the majority of the retired spend their remaining years in happiness.

3. In rural areas elderly widowers and widows depend on collective economic organizations for support or live in old people's homes run by villages and townships. In urban areas these people depend on the state for support or are looked after by social welfare institutions. Limited economic strength makes it impossible for the government and collectives to establish a large number of social welfare institutions to meet the needs of old people. So, the overwhelming majority of elderly widowers and widows in China's rural and urban areas now still live in their own homes.

Old people not only need to be assured of financial support but also look for spiritual sustenance. The family guarantees that their needs are met and it is unlikely that social institutions will ever be able to take the place of the family in this regard. For instance, if the elderly widowers and widows can

find even remote relatives or neighbours to help them with their daily needs, they prefer not to live a collective life in old people's home. In urban areas, old people have no financial worries because most of them receive pensions. But various inconveniences in their daily lives and loneliness are major problems. The elderly like to live together with their married children and need the concern and respect of their families and the warmth of family life.

Married children living apart from their families often come back to visit their parents and help them manage with household affairs. They also regularly support their parents financially and bring their children with them for family gatherings on New Year's Day and other festivals. This is a great comfort to the elderly, and more important to them than material needs. Thus, the family is still the key to happiness and well-being for the elderly in China, and the society and state serve as support mechanisms for this care.

(April 15, 1988)

The Characteristics of Private Enterprises

"GUANGMING RIBAO"
(Guangming Daily)

The principal features of private enterprises are as following:

1. Private enterprises belong solely to their investors.

China's private enterprises are the outcome of the accumulation of capital by some private industrial and commercial households. Their fixed assets have been bought with money raised by one or more private investors or from bank loans. Therefore they are solely owned by their investors, who, provided they stay within the

law, can use their means of production as they see fit without interference from any other person or organization.

2. The relation between private enterprises and their employees is a hired relationship.

In state and collectively owned companies, the workers and staff are their own masters. Not only do they perform their respective tasks, but they also participate in the affairs of their workplace, discussing its business and paying attention to its economic efficiency.

In private enterprises conditions are different. It is the investor who is the master or boss,

and the workers are only wage labourers. Theirs is a hired relationship: in return for their labour they are paid wages; the surplus value they create is turned over to the private investor.

In a state or collective company, the workers have the same rights as their directors and managers. In private enterprises, the employer and the workforce are legally obliged to sign a contract clearly laying out their respective rights and duties.

Additionally, the enterprise's owner must provide suitable working conditions and pay his workforce for all the hours they work, while the workers must do their job well and maintain labour discipline.

Clearly the privately owned sector of the economy acts as a complement to the public sector, as the above features show. The major difference between the two is who owns the means of production.

(May 17, 1988)

Children's Education

"BEIJING RIBAO"

(Beijing Daily)

Recently, China's State Statistics Bureau and other relevant departments conducted a survey on the condition of children's education. The results were:

■ Of 234,700 pupils surveyed, 92.9 percent live with their parents; Among 14,500 families with a 14-year-old child, 82.5 percent of family heads pay attention to training their children to act independently; 72.3 percent are concerned with their children's study; 51.3 percent wish their children to be admitted to university. This suggests that the great majority of children have a good family environment—fund-

amental for the development of children's bodies and minds.

■ Among 93,100 children below five years old, 22.6 percent are in kindergartens. In cities, 51.7 percent of the children below five have begun to receive pre-school education, compared with only 14.9 percent in rural areas. Although this is far from ideal, the figure is a large increase on 1983.

■ Of the 141,600 surveyed below

15 years old, 76.7 percent are studying in primary and middle schools, a small rise on the 1983 figure of 75.7 percent.

■ The survey found that from a total of 1,062 villages and urban residential districts, 966 had established primary schools—comfortably over 90 percent. As a result, most children do not have to travel far to their school.

(May 30, 1988)

Rural Songs Reflect Changing Desires

"JIEFANG RIBAO"

(Liberation Daily)

With their succinct and vivid style, folk songs have proved the ideal vehicle for expressing changing perceptions about love and marriage in the countryside since 1949.

Immediately after the founding of the People's Republic, marriages in rural areas were still arranged by parents. At the time, a song popular across China went: "When I was just born, people came for marriage. My parents handled the decision on my lifelong companion."

With the introduction of the new Marriage Law in 1950, some rural youth rebelled against arranged marriages and began to look for spouses by themselves. They sang: "I love my partner through my own choice, and for the rest of my life I bear no grudge against my parents."

After the War to Resist US Aggression and Aid Korea (1950-53), the People's Liberation Army enjoyed great prestige, and young women put their sights on a soldier. One song in circulation ran: "One star is too little, three stars are too old, it's two stars that are all right," reflecting that second lieutenants earned too little, captains were too old, so the

ideal partner was a first lieutenant.

As the conditions of the working class improved after 1958, people began to regard the worker-farmer family as the perfect union. A contemporary song echoed this: "One worker, one farmer has food and money. One worker, one farmer is better than being 'rich peasants' in old days. One worker, one farmer, a happy couple for the rest of their lives."

In the "cultural revolution" (1966-76), class status became the determining factor: "Fine girls wish to marry workers, farmers and soldiers. We would rather be bitter for the rest of our years than marry a person of bad class status."

More recently, the focus of lyrics has shifted again. One song with widespread popularity ran: "We don't need details about class status, but we cannot dispense with either houses, money or good looks."

With further development of the rural economy, we can expect a new version of the ideal partner to emerge—perhaps stressing culture and money making abilities alongside the traditional values of youthful vigour and sound character. No doubt these changes will be mirrored in the words of new songs.

(May 19, 1988)

More Money Changes Hands

In the first five months of 1988, US\$429 million worth of money was converted from Renminbi to foreign exchange or vice versa at the Shenzhen Foreign Exchange Regulation Centre. This equals the entire figure for 1987, and was the result of a total trade volume worth US\$960 million.

The centre opened in November 1985. Initially short of managerial experience, it put limits on the amount of foreign exchange to be converted. In 1986 its total volume only amounted to US\$56.36 million.

In 1987, however, regulations were relaxed. The centre only had to verify the source and use of foreign exchange, and the volume jumped 800 percent to US\$472 million.

Now, according to an official at the centre, many businesses discuss possible currency conversions before they come here to complete the formalities. Such cases make up 90 percent of the centre's total transactions.

The centre has not only helped companies balance their foreign exchange accounts, but has also helped promote production.

For example, last October the Shenzhen Foreign Trade Group Silk Import and Export Co. did not know how to deploy its US\$6 million. At the same time, it had borrowed 30 million yuan in bank loans and was 10 million yuan behind with payments to its supply centre. With advice from the centre on exchange possibilities, its problems were solved and its export trade was developed.

Similarly, through management and conversion of its foreign currency surplus, the Shenzhen Native Produce and Animal By-Products Import and Export Co. increased its turnover rate from 9.4 in 1986 to 13.44 in 1987.

Additionally, the establishment of the centre has done a lot to curtail black market currency deals.

China's Businesses Do Well Abroad

China now has 458 businesses abroad, 73 of which have been set up in the first six months of 1988, according to the Ministry of Foreign Economic Relations and Trade.

So far, a total of US\$1.838 billion has been invested in these companies, which are dotted around 67 countries and regions world-wide. In the first half of 1988, investment totalled US\$57.71 million, of which China contributed US\$37.6 million.

These joint ventures, co-operative projects and wholly Chinese-owned enterprises are mainly in the fields of industrial production and resource development. They include aluminium smelting, rubber, textiles, paper pulp, ocean salvage and gold exploration.

Eighty percent of China's overseas businesses have done well. Two examples of successful projects are CITIFOR Inc., a wholly Chinese-owned forestry resource company set up in the United States by the China International Trust and Investment Corp. (Holding) to transport timber to inland China, and a knitting mill in Mauritius which recouped its entire capital outlay within two years.

Several thousand Chinese technicians and management personnel work in these overseas companies, which have helped to provide resources which China

lacks and promote the export of Chinese products and technology.

Zhang Zhiping

Canadian Factory to Make Chinese TVs

When Canada's largest television factory swings into full operation, the colour sets rolling off the production line will be Chinese.

The contract to set up the Wanhua Colour TV Factory in Ottawa was signed in Guangzhou on August 5 by the Huanan branch of the China National Electronics Import and Export Corp., the Guangzhou Broadcasting Equipment Factory and a Canadian international scientific and technical group.

China will provide the factory with its general design, a blueprint for the production line, instruments and a manufacturing programme. It will also send 40 experts and technicians to work with Chinese-made components.

The Canadian side will be responsible for the picture tubes, cases and assembling the sets.

Operation should start by March 15, 1989. In the first year, 100,000 sets will be manufactured, rising to 200,000 in the second and 300,000 in the third. All the output will be sold in North America.

With US\$4.7 million investment, this is the largest colour television factory China has set up abroad.

by Zhang Zhiping

Fall in Exports of Salted Mushrooms

Exports of salted mushrooms are expected to fall by 2,000 tons this year because of unsettled weather in China's principal

Unit: 1,000 tons

Year	Salted Mushrooms	Canned Mushrooms
1985	28	115
1986	24	125
1987	17	127
1988	15	140

mushroom growing regions.

Like canned mushrooms, salted mushrooms are one of China's traditional export commodities. Most of them are sold to Hong Kong for processing and canning before being re-exported. But some are sold to EC countries and Japan.

China's largest mushroom grower is Guangdong Province, but they are also raised in Fujian, Shanghai, Jiangsu, Zhejiang and Sichuan.

Mushrooms flourish at 18°C. This is normally the temperature in Jiangsu, Shanghai and Zhejiang in spring and autumn, giving them two crops a year (Guangdong has only one).

This year, however, the weather has been so unsettled and variable that the mushroom yield has dropped. But, as the following table shows, the fall in salted mushrooms has been offset by the rise in canned mushrooms, which is expected to continue to increase. ■

New Effective Trichogen

China's Kanghua Industry Co. Ltd. and Hong Kong's Digit Power Ltd., a subsidiary of the US Lotus Engineering Ltd., recently signed an agreement to market Lily effective hair tonic in Hong Kong. Meanwhile, China's Xin-xing Co. and the Singapore Singgi

Enterprise concluded another agreement to sell the tonic in Singapore and Malaysia.

Lily effective hair tonic was awarded a silver invention prize by the Beijing Municipality. It was developed by scientists with the Basic Medical Science Research Institute of the Academy of Military Medical Science. Clinical tests on thousands of cases of baldness proved its effectiveness as a cure for seborrheic trichosis with improvement seen in more than 90 percent of the cases. The tonic can also be used to combat greasiness, head scalp and prevent baldness.

The Beijing Sanitation and Antiepidemic Station submitted the product to rigid inspection, and found it both safe and effective as a hair cosmetic. It has also met Chinese health standards, and received the state health licence.

Lily is expected to be released on the market in July. The company will produce 100,000 bottles per month. Overseas businesses from Japan, Singapore, the United States, Canada, Kuwait, Bangladesh and Thailand have shown an interest in the product and are negotiating for orders.

Wei Liming

News In Brief

■ More than 800 new consumer items were on display at the

International Exhibition of Well-Designed Products held in Beijing on August 1.

The show was jointly sponsored by the *Chinese and Foreign Products Journal* and the American company Ingear and Panda Systems Inc., who are planning to promote new Chinese products in the United States and sell their own in Beijing.

On show at the exhibition were items ranging from household electrical appliances, stationery and cooking utensils through to gymnastic apparatus and toys.

■ Exports from 660 foreign funded enterprises in Shenzhen totalled US\$700 million last year, according to the Shenzhen Exchange Control Administration. Of these 660 companies, 77 percent had a favourable balance in foreign exchange. The failure of the other 23 percent has been blamed on poor management.

By the end of 1987, Shenzhen, the first of China's Special Economic Zones, had more than 1,400 registered foreign-funded enterprises, one-seventh of the total in China.

■ Four firms from China, Britain and Singapore are partners in a digital telephone equipment joint venture launched in Shanghai.

The 15-year contract, calling for a registered capital of US\$4 million, was signed by Citic Technology Inc. Factory No. 520 under the Chinese Ministry of Post and Telecommunications, GEC-Plessey Telecommunications (GPT) Ltd. of Britain and Lityan Development Private Ltd. of Singapore.

Under the contract, GPT will transfer the design, manufacturing and maintenance technology of programme control systems.

The venture plans to produce 100,000 lines a year for sale on both domestic and international markets. ■

Tibetans on Tibet: Inside Accounts

Tibetans on Tibet

(Available in English, French and German editions)

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Over the past nine months, Tibet has made headlines around the world several times because of riots in Lhasa, the capital. In reporting on these events, most Western media have relied for background information on press handouts from the well-organized publicity machinery of the Tibetan exile group centered around the Dalai Lama, who lives in India.

Consequently, many recent Western accounts of Tibet's past and present are full of gross distortions of the truth—so gross as to arouse every reaction from laughter to outrage among Chinese in general and Tibetans in particular.

The book *Tibetans on Tibet* is a refreshing corrective to much of the misinformation which has been circulated abroad, in that it allows the voices of Tibetans in Tibet itself to be heard.

Aside from some general information on Tibetan history and culture, well over 90 percent of the book consists of first-person accounts from Tibetans with a wide variety of backgrounds—ex-serfs and former aristocratic serfowners, illiterate herdsmen and Tibetan Buddhist scholars, Tibetans who once fled abroad

and are now happy to be back home, a textile worker, a power-plant engineer, a university president, an innkeeper, and so on.

All but a few of the interviews were conducted before the first disturbances in Lhasa last fall. But in talking about their own lives, past and present, about Tibetan history and culture, and about Tibetan relations with the majority Han Chinese, the Tibetans interviewed present a very different picture from the one given by Western media.

Some media accounts imply that pre-1950s Tibet was an idyllic place under the beneficent rule of the Dalai Lama and other clergy. In fact it was a harsh, rigid feudal society. Over 95 percent of the population was made up of serfs or household slaves. The book includes a quote from Chosdol, now in her 70s, a former serf on an estate belonging to the Dalai Lama's mother:

"I came here as a serf at the age of 17. I had to get permission from my master to speak and to pray. I had to kneel in his presence and, if he was dissatisfied with me, he had me whipped and beaten. You see my bent back? That was the result of a beating by my master. There are more than 40 people like me in our village today, all with incurable injuries caused by this brutal treatment. One woman called Golma Uangdaon was killed. She couldn't stand the misery and tried to run away. When she was caught, she was strung upside down by her ankles and beaten senseless. Then they poured excrement into her mouth to revive her, and continued the beating. Her screams made all the serfs in the village tremble.

"In the democratic reforms of 1959, the people's government gave me land, houses, draft animals and seed. I began to live like a human being. Today.... Life is really free and happy. To talk about the past to us old people is like speaking of death."

The people interviewed in the book, particularly Tibetan Buddhist clergymen, are quite candid about the great damage done to Tibetan monasteries and the suppression of religious belief during the "cultural revolution" (1966-76). They stress, however, that this was a time of turmoil everywhere in China, that much of the damage has been repaired, and that today they devoutly practice their religion in perfect freedom.

Ngawang Renqian recalls the wrecking of a monastery near his hometown of Nyingchi during the "cultural revolution": "Was it Han Red Guards who were responsible? No, there were two local factions who were fighting it out, like in other places, and there were Hans and Tibetans on *both* sides. The ones who did the damage to the monastery were local people, plus maybe some outsiders."

Major misconceptions abroad center around the question of "Tibetan independence." In the book the Bainqen Lama (a Living Buddha and traditionally one of the two top religious and secular leaders of Tibet) traces the history of close relations between Tibet and central China dating back at least to the 7th century, and relates how Tibet formally became a part of multinational China in the mid-13th century.

Both the Bainqen and Ngapoi Ngawang Jigmi (the descendant of a royal Tibetan family) talk about

the unsuccessful attempts of foreign powers during the early part of this century, taking advantage of the weakness of China's central government, to detach Tibet from China—both through armed invasion and through intrigues with some of the Tibetan upper strata. Based on their personal knowledge of events of the 1950s, they give detailed accounts of the "peaceful liberation" of Tibet by the new People's Republic of China in 1951 (one major battle, and then a negotiated settlement endorsed by most Tibetan leaders—including the Dalai Lama).

The testimonies of people who actively participated in the 1959 rebellion against the central government make clear how little popular support the rebellion had. Instigated by feudal serfowners afraid of losing their privileges (including leading clergymen, who were among the wealthiest landlords), the rebellion failed dismally.

"I can tell you in fact it was stirred up by just a few of us who were taking advantage of the ignorance of the masses. At that time it was easy to set a few rumors going, and they would spread quickly," says Alo Quize, a rebel organizer who fled abroad in the 1950s and returned to Tibet in 1981—in part because of disillusionment with the factionalism and opportunism in exile circles, and their total lack of success.

In fact, none of the world's governments have ever recognized "Tibetan independence." Some governments, however, have actively meddled in Tibetan affairs out of hostility to China's central government. Alo Quize speaks of the material help his exile group received from "a certain foreign power" (the American Central Intelligence Agency).

Do ordinary Tibetans support the idea of "Tibetan independence?" Do they feel oppres-

sed and persecuted by the Han Chinese? Qu Ni, a middle-aged teacher, makes this ironic complaint:

"One thing, which may seem a small matter, really gripes us (Tibetans). There's a phrase that's used for Chinese medical teams sent abroad to aid other countries: 'The Help Tanzania Medical Team,' and so on. Well, the same formula is used for teams sent to Tibet—'The Help Tibet Medical Team.' Local people object to that. It makes it sound as if Tibet is a foreign country. We're Chinese, we're part of China, why use those words?"

Qu Ni herself is married to a Han Chinese who came to Tibet in the late 1950s to help build up the backward, poverty-stricken region. According to her, most of the Hans who have lived in Tibet over the years have been, like her husband, genuinely respectful of Tibetans and interested in their culture. She is also frank about the minority of Hans who have not made such a good impression—including some who came on their own (without government sponsorship) during the "cultural revolution" and a handful of others who have sought to enrich themselves at the expense of the Tibetans.

Friction between Hans and Tibetans today, she says, "is minor." She laughs off the whole idea, as reported abroad, that the Hans "oppress the local people." She adds, "I have talked to people from Lhasa who were there during the incidents last fall, and they all say the trouble was instigated by followers of the Dalai Lama abroad.... Things are going so well in Tibet now, it's just impossible to believe that things like that could happen spontaneously, without outside planning and instigation."

The theme that "things are better than ever" is common throughout the book. Herdsman Loisang Yexe remembers the

"jubilant" days after democratic reform in 1959, the progress that was retarded by the ultra-Leftist efforts to communalize agriculture too quickly during the "cultural revolution," and the prosperity his family has achieved under the present, more flexible policies. His only regret is that his serf parents are no longer alive to see it.

"The eight years since 1980 have been the best I have ever lived," says farmer Xegar, aged 65. Ahnu, a young woman stall-keeper in Lhasa, says that the free market has never been so flourishing. Innkeeper Tensin, who often has foreign tourists as guests, is planning to expand his business. Trade with countries abroad, and with other parts of China, is booming, reports Ton Chub, head of the foreign trade department of the autonomous region.

Lhagba Puncog, born a serf and now head of the Tibet Academy of Social Sciences, proudly talks about the region's recent progress in research, publications, and cultural affairs. He adds that the total number of writers, poets, performers and other cultural figures is now "several dozen times the number we had before the peaceful liberation of Tibet." Before 1951, most Tibetans were totally illiterate. Now a large proportion of young children attend school—though the number of secondary and university graduates is still too low.

It has been widely reported abroad that Tibet's population has declined drastically in the past three decades because of severe persecution by the Chinese central government. In fact, the opposite is true.

According to Thutnadoge, head of the autonomous region's Public Health Bureau, "Tibet had a population of less than 1 million people at the time of the peaceful liberation in 1951.... This figure had grown to about 2.02 million

by the end of 1986...with improvements in the standard of living and medical treatment.... Even today, Tibet is the only administrative region in China in which all people enjoy free medical care. The life expectancy for Tibetans has risen from 33 years in the early 1950s to 71.5 today."

The Tibetans interviewed in the book are well aware that centuries of extremely backward conditions have left them economically and technically far behind the rest of China, let alone the rest of the world. But they are determined to catch up, and proud of the progress made so far. And progress to them means preserving the best of their traditional culture while working together with fellow Chinese of every nationality to build a modern, socialist society.

From the upstairs windows of

his residence in Lhasa, the Bainqen Lama comments, "I can clearly see the red walls and golden rooftops of the Potala Palace and also the TV tower on Chakpori Hill. This combination of an ancient palace and modern technology, I think, adds vitality to the Lhasa skyline."

Later in the interview, he says, "I wish to tell those people abroad who are trying to create a 'Tibet question' that some of the problems they raise have never existed; others have occurred in varying degrees, but they are either in the process of being solved or are already settled. The present policy of the Central Government on Tibet is a good one. Our people are satisfied. Everyone is busy building. I would suggest to these people, Tibetan or otherwise, that they criticize less and become more helpful.

"Tibet is a poor place. The financial subsidy to Tibet from the Central Government has amounted to 12 billion yuan since 1952....Why don't all those who feel so strongly about Tibet chip in and help?....We welcome all those abroad who wish to return.

"But we must make things quite clear: there are no high salaries here. If they come back, they must live and work just like the ordinary Tibetan and Han intellectuals, eating glutinous rice cakes and living in ordinary dwellings. Many people are working hard on the Tibetan high plateau to make it a better place for all. Only good-for-nothings are shameless enough to demonstrate in the streets and write slanderous articles criticizing others, from the comfort of their foreign homes and with stomachs full of meat and wine."

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