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Projected Trends in Chinese Consumption



**NEW DEVELOPMENTS IN
TRADITIONAL HANDICRAFTS**



Women as Half the Sky (photo by Babtsepmahana, USSR) represents the labour strength of women who make up half the workforce. The photo is selected from the International Photo Exhibition, *China Through Foreigners' Eyes*.

by Zhang Yanbo

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COVER: Art master Zhang Tonglu
(centre), deputy director of the Beijing
Huayi Cloisonne Factory, teaching
young workers.

Xu Xiangjun and Xue Chao

HIGHLIGHTS OF THE WEEK

Future Development of Chinese Consumption

■ Despite being labelled an underdeveloped country, China's consumption of basic commodities in 1986 was already way ahead of 1990 estimated averages for all developing countries. Based on the level of its current productive forces, China should now diversify its patterns of consumption (p. 20).

Factory Directors' Worries

■ At a recent forum organized by the China Enterprise Association to discuss improvements in the economic environment, factory directors and managers called for the elimination of "the three pests" — officials reselling goods in short supply at high prices for exorbitant profits, indiscriminate and arbitrary charges, and interference in enterprises' decision-making powers. The State Council has ordered the banning of "official racketeering" and public opinion demands punishment (p. 4).

China Promotes Its Traditional Arts

■ Ninety-six Chinese artists and craftsmen have been given the honorary title of "Master of Chinese Art" as part of a government campaign to foster traditional arts and crafts (p. 14). A look at the work and contrasting styles of four Chinese embroiderers (p. 18).

Taiwan "Legislator" Visits the Mainland

■ Visiting Taiwan "legislator" Hu Chiu-yuan said both sides of the Taiwan Strait have achieved much success in the past 40 years, and if they can successfully reunify, China will surely prosper and become strong. Hu was expelled from the KMT for his mainland visit (p. 6).

43rd UN Session Faces Challenges

■ With the settlement of some difficult problems such as the Iran-Iraq war and the conflict in Afghanistan, the United Nation's role in the world scene has become increasingly important. Under such circumstances, the current session of UN General Assembly will meet opportunities and face challenges (p. 10).

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Factory Directors' Worries

by Jin Qi

At a recent forum organized by the China Enterprise Management Association to discuss improvements to the economic environment, directors and managers called for the elimination of "the three pests"—officials who resold goods in short supply at high prices (the "official racketeers"), indiscriminate and arbitrary charges, and administrative interference with enterprises' decision-making powers. The directors said "official racketeering" poses the greatest threat. For example, the price of aluminium ingots and silicon steel plates has doubled since the beginning of this year, forcing enterprises dependent on these materials to limit production. At present, enterprises get about 40 percent of their capital goods through commercial channels, with 60 percent directly allocated according to the state plan.

According to the State Administration for Industry and Commerce, between 1987 and June 1988, investigations into 317 confirmed cases of speculation revealed 95 where capital goods had been resold, of which 58 involved departments handling the supply of materials and equipment. Abusing their powers, they purchased capital goods in short supply at a fair price and resold them at far higher rates for enormous profits, seriously disrupting the market order.

The State Council has ordered the banning of "official racketeering" and public opinion strongly demands punishment of those involved, calling for them to be treated like "rats crossing the

street with everybody yelling kill them! Kill them!"

But why has it proved so difficult to handle cases that have been investigated and confirmed? A commentary published in *Renmin Ribao* (People's Daily) on September 16 analysed a case that occurred in Shangyu County, Zhejiang Province, pointing out that it could not be effectively dealt with because higher officials pleaded on behalf of the speculators. The commentary refuted the argument that speculation can develop production as the profits obtained do not line private pockets but go to work units.

It added that the Shangyu case was only a small one, and asked whether there would be greater difficulties in handling larger instances of speculation where high-ranking officials are given unprincipled protection by their superiors.

In recent years, with the development of economic reform and production, enterprises have increasingly accumulated funds. This has led to many requests for "financial aid" and "support" from local administrations. These charges, however, are often barely disguised extortion. For instance, one instrument factory emitted white smoke, but the department responsible for checking pollution asserted it was black. The factory had no choice but to give a banquet to treat these officials. Having been feasted, they changed their minds and declared the smoke was "white."

Enterprises also face many charges from grass-roots admini-

strative organizations. It has been disclosed that a director of the Balizhuang neighbourhood committee in Beijing's Chaoyang District openly reprimanded factory directors: "As long as your factories are located on our street, no matter how large they are, we have our own way to rule over them."

Clearly the stipulations of 1984 that government administrations should not interfere with enterprises' decision-making powers (which were written into the Enterprise Law last year) have not been fully implemented. As reform has granted enterprises more rights, some administrative bureaux have attempted to retain their power by forming "administrative companies" and then establishing "operational companies."

By and large, they have been successful, for as the signs in front of their buildings change over and over again, their power to interfere with enterprises' autonomy has not weakened. The argument used to defend these actions runs simply that a socialist enterprise cannot be without its superior.

There are also complaints that state-owned companies abuse their privileged buying rights. A director of a cotton yarn factory has said that under the system where the state had monopoly on the purchase and marketing of capital goods, individual firms just passed all their goods onto the state-owned companies. Now, however, these companies only take products enjoying a ready market—they will do nothing



about other products.

Invigorating enterprises has always been the core and hope of China's economic reform. Therefore, the problems uppermost in the minds of factory directors and managers are major issues that must be tackled to consolidate the reform programme at its present crucial stage. This means: In accordance with the requirements for developing a socialist commodity economy, it is simultaneously necessary to adjust nationwide power structures rationally, establish an appropriate economic order, and ensure the existence of effective regulatory mechanisms. This involves both economic and political restructuring and truly effective legal support—where "everyone is equal before the law." If this cannot be guaranteed, then illegal encroachments upon the powers and interests of the state, the public, enterprises, and so on cannot be checked.

In October, a nationwide campaign will be launched to combat tax evasion, financial irregularities and speculative price hikes. It will concentrate on violations of discipline and the law by large enterprises and economic management departments. It goes without saying that the public hope this will effectively resolve problems and bring to justice those people who have taken advantage of reform to abuse their power for personal gain. ■

Zhao: China's Future Reforms to Focus On Three Problems

The conditions are now right for China to introduce a stock system, Zhao Ziyang, general secretary of the Communist Party of China, said on September 19 during a meeting with American economist and Nobel Prize winner Milton Friedman.

He pointed out that China's future reforms will focus on resolving three problems—reforming the pricing system, controlling inflation and introducing a stock system in enterprises.

Pricing reform will go to the top of the agenda, Zhao said. The reform will not simply involve state readjustment and control of prices but also help establish a mechanism for forming a pricing system. Price reform will proceed along with controls over inflation, Zhao added.

Reforms to enterprise mechanisms will also be carried out to improve enterprise performances and allow them to assume sole responsibility for profits and losses, he continued.

With this purpose in mind, China will first of all adopt

measures to separate the ownership of state-owned enterprises from management powers. The contract responsibility system will be practised in many enterprises, and then, a system of stocks, in which the state will be the major shareholder, will be introduced.

"This means major reforms in state-owned enterprises," Zhao said. "And now the conditions exist in which China can introduce a stock system."

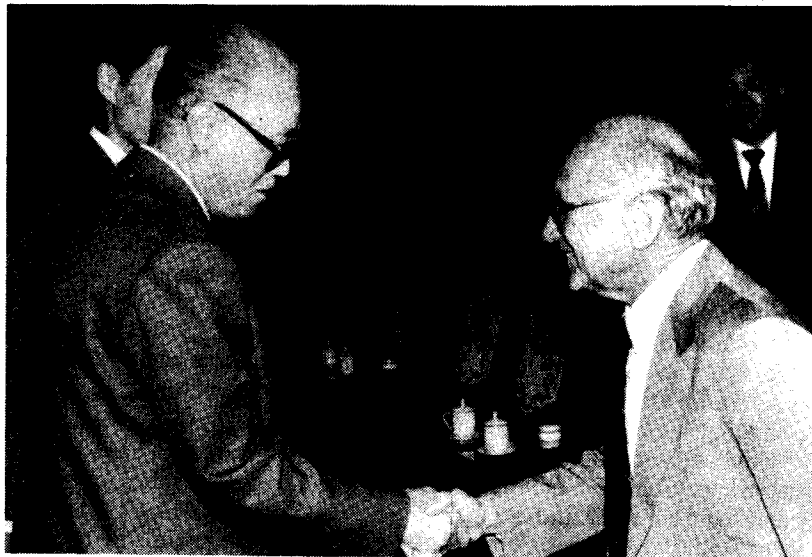
Zhao stressed that the direction China's economic reform will take will not change. The reforms will be carried out unswervingly. However, he added, some measures may need to be readjusted to meet changing situations within the country.

Zhao quoted an ancient Chinese philosopher as saying, "In the course of reform, we should judge the time and size up the situation, keeping a balance between relaxation and strictness."

During the meeting, Friedman briefed Zhao on his views on price reform, inflation and enterprise reform. ■

Chinese Communist Party leader Zhao Ziyang meets with American economist Milton Friedman on September 19 in Beijing.

LIU JIANGUO



Technology Comes Before Loans

Senior Chinese leader Deng Xiaoping said in Beijing on September 24 that his country hoped Japan would adopt an open policy on technology transfer to China.

This would be more important than providing China with loans. Deng said this at a meeting with a Japan-China Economic Association (JCEA) delegation led by its permanent adviser, Kaheita Okazaki, the chairman of the Japanese Federation of Economic Organizations, Eshiro Saito, and the chairman of JCEA, Ryoichi Kawai.

Deng discussed with the Japanese visitors the further expansion of Sino-Japanese economic co-operation.

"We are generally satisfied with the development of bilateral relations in economy, trade and other areas," Deng said.

He said he hoped that the Japanese industrialists would take a long-term view of Sino-Japanese relations and asked the more than 60 members of the delegation to raise suggestions for China's economic construction.

Eshiro Saito said the present principles and policies being implemented by China are feasible.

He stressed the importance of developing the steel industry, adding that the average capacity in the world is 160 kilogrammes per person per year. To reach this level, China needs to set up 10 complexes the same size as the largest in the nation, the Baoshan Iron and Steel Complex in Shanghai.

Deng agreed with his view on the importance of the development of the steel industry and suggested that Japanese industria-

lists co-operate in this regard. "You may set up several joint ventures or wholly-Japanese-funded steel plants in China," said Deng. ■

Government Sees a Brain Drain

Formerly pursued positions in government institutions are losing charm for many of the young employees during a structural reform aimed at skimming the fat from government bodies and improving efficiency. What they scramble for are now jobs where they can get a higher pay.

In the State Building Material Bureau, for example, 60 percent of young staff members under the age of 35 have applied to work for newly established companies. In the bureau's Investment Administration Division, only one of the seven young employees was willing to remain in the office.

As too many young employees are leaving for new jobs, the bureau, which formerly had 120 extra employees, is now facing personnel deficiency. The directors have to talk with those who have not left, telling them to "take the whole situation into account" and remain in the bureau.

A circular was also delivered in the bureau advising the young people not to leave before replacements arrive. However, many young people are constantly trying to leave despite the circular.

In the Ministry of Light Industry, 80 percent of the 936 staff members expressed a desire to work for companies when asked about their aspirations during the structural reform. Most of the 100 people who have been transferred to companies were young talents.

Tens of thousands of graduates and post-graduates have poured into central governmental departments since 1982. "They are considered the promising future of

the state power," the *Chinese Youth News* commented. Yet today they tend to forsake their former choice.

Zhang Liang, a 30-year-old functionary in a state ministry, said he had been "under illusions about the state organizations" before he was assigned a job there. He later found his initiative hampered. He also found that employees in his department were not promoted according to their talent and achievements, but to their Communist Party membership and the leaders' own likes and dislikes.

Moreover, payment for government employees, especially young people, is lowest compared with those in other walks of life. Their average monthly income is about 100 yuan (US\$26.8), while that for company employees may double, or even triple. That casts a gloomy shadow on their life at a time of inflation.

Some critics see the fact that young intellectuals leave government organs and cross over to companies as a change of concept. And this shift from pursuing power to industrialism reflects a social progress, they say.

But others argue that the brain drain from state organizations may sacrifice the future quality of government personnel. "It is a dangerous sign," they say. Many of them say a pay raise may be the ultimate cure for the brain drain. ■

Taiwan 'Legislator' Visits for Unity

Member of Taiwan's "Legislative Yuan" Hu Chiu-yuan is very eager to see the reunification of China's mainland and Taiwan in his lifetime, and he demonstrated this aspiration by flying to Beijing via the US on September 12.

On September 21, while Hu was

visiting other mainland cities, Taiwan's ruling Kuomintang (KMT) decided to expel Hu from the KMT for his mainland visit, which clashes with the KMT's "3-no's" policy (no contact, no negotiations and no compromise with the mainland). It seems what most upset the KMT was Hu's contact with certain Communists, particularly VIPs such as Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference, and Li's predecessor — Deng Yingchao.

During the past 40 years, Hu said, both sides of the Taiwan Strait have achieved much success: The mainland displayed the ability of the Chinese to build a strong country with the launch of its rockets, and Taiwan attracted worldwide attention with its economic development. "If China's mainland and Taiwan can successfully reunify, the country will surely prosper and become strong," he said.

Hu, 78, also honorary chairman of the China Reunification League and publisher of the monthly magazine *Chung Hwa*, discussed his views with people from different circles during his visit. "When it comes to the question of the country's reunification, people I talked to in Beijing shared almost the same views," he said. The further development of relations between the two sides is irresistible, obstacles may arise, but they will eventually be removed, "I am confident of that," Hu added.

Speaking of the way to reunification, Hu suggested that all political parties and groups on both sides unite to seek a road which all the Chinese people, including those living in Taiwan, should take. There are foreign forces who want to see the separation continue for a long time, so that they can use it to their advantage. If China can not

reunify in this century, the "China century" some predict for the next century will never become a reality, he told students and teachers at Beijing University.

As a scholar, Hu also discussed philosophy, history, art, literature and culture with scholars from the mainland. According to Hu, China's civilization was once the brightest in the history of the world, but since the Opium War in the 1840s, its glory has dulled. Hu, along with many other mainlanders, believes that a revival can be expected in the near future.

by Li Halbo

Train Drivers Sentenced

Two Engine drivers who caused a shocking train accident on the outskirts of Shanghai on March 24 were sentenced to prison terms of six and one-half years and three years in Shanghai on September 22.

The court found that as a result of the negligence of the two drivers, the No. 311 passenger train from Nanjing to Hangzhou collided with the NO. 208 train from Changsha to Shanghai in Jiading County on the outskirts of Shanghai.

A total of 28 Japanese and one Chinese were killed in the crash, and an additional 36 Japanese and 62 Chinese passengers were injured. The train wreck also caused economic losses valued at 3.4 million yuan and held up traffic for 23 hours.

The court decided that Zhou Xiaoni, driver of the NO. 311 passenger train, and his assistant driver, Liu Guolong, were held responsible for the accident.

According to the schedule, the train should have halted at a siding at the Kuangxiang station and waited for the No.208 train from Changsha to pass. Evidence

showed that the two drivers forgot to slow the train down until it had almost passed through the station. In addition they had turned off the cordless telephone linking them with the dispatcher's office, so they were unable to hear a warning from the dispatcher. As a result, their train entered onto the main track after breaking out of the siding and collided with the oncoming train No. 208.

The two drivers were arrested last April after the public security department of the Shanghai Railway Administrative Bureau investigated the circumstances leading up to the accident. At the hearing, the two drivers pleaded guilty to the charges and asked the court for clemency.

Officials from the Japanese Consulate-general in Shanghai and 300 spectators attended the hearing. ■

Begging Becomes Popular Profession

Although China never completely eliminated begging, a new kind of beggar has recently appeared. More people are choosing begging as a way to make an easy living. It is quietly and gradually becoming a profession.

Everywhere — on city streets and in public places such as cinemas, restaurants and stations — one meets beggars stretching out their hands for money with a sad story. But a recent investigation showed that only 20 percent of them have been reduced to begging by difficulties in life, compared with 80 percent before 1980. The rest — able-bodied men and women who are at least able to make ends meet — see begging as an easy way to make money. In some places, a beggar can make more than 100 yuan a day, about the amount an ordinary worker earns in a month.

One man from Anhui Province built new houses for his three sons with the money he earned from begging. A peasant from Hunan Province said the money from begging is so good in Guangzhou that 80 percent of his fellow villagers have done stints at it.

These professional beggars try every way to win other people's sympathy. They make up various tragic stories, cry for help, or take people in with soft words.

At the train station in Xuzhou, Jiangsu Province, a middle-aged man tried to help a female beggar over 30 who was weeping her heart out because of the maltreatment she supposedly received from her family. In the end, he was robbed of a suitcase with 500 yuan in it by the woman and other beggars. Only then did the man see the trap hidden in the beggar's tears, and his own tears started to flow.

One-quarter of Chinese beggars are women. Some of them are escaping from forced marriages arranged by their parents. Some are mental patients. Others are people whose desire for money surpasses their sense of shame.

Children and teenagers make up another 25 percent of those who beg. They haunt restaurants and free markets in groups, stealing as well as begging. With the money, they eat, drink, watch violent videotapes and go to the dancehalls. Some of the young people say openly that the plan to go on begging. "I will never regret it," one said.

Some children under 10 years old are forced to beg by their parents, particularly at train stations. One girl of about eight has begged at Jinan station for four years. Nobody knows where she comes from or why she is begging. She never says a word; her only action is to stretch out her little hand to people who pass by.

Today more beggars are taking to crime. Some steal and cheat;

some beg in the day and prostitute themselves or gamble at night. Last year in Guangzhou, 35 percent of the beggars were also classified as criminals. This seriously threatens the social order.

Chang Dejiang, vice-minister of Civil Affairs, traced begging to two basic roots. Economically, China is still underdeveloped. Poverty-stricken regions and families can be found in the countryside, and many elderly people, children and handicapped people who are maltreated or abandoned by their families are forced to live on begging.

The begging phenomenon should not be neglected, Chang said. "It is an important social task for the government to oversee and control beggars."

Each year, the State Council allots tens of billions of yuan to promote economic development in poor areas. The government also spends an annual average of 50 million yuan sending beggars back home through 639 collection stations nationwide.

But the problem of begging remains difficult to resolve. Chang called for better co-ordination among local authorities and departments of transport, public security and civil affairs.

The Ministry of Civil Affairs is seeking to work out a policy that prevents people without difficulties from begging while helping those in trouble improve their lot through honest work. ■

China Trains High-level Judges

Every year various new training centres and schools make their appearance in China, but few seem to have raised as much attention as the China High-Ranking Judges Training Centre, which held its opening ceremony in Beijing on September 13.

The need for such a centre became evident as the country's reforms called for trained judges and lawyers. Some believe that the success of China's ambitious modernization drive depends to a large extent on its building up a comprehensive legal system. The opening of the centre will contribute towards this, said one of the centre's students.

After passing through a selection and examination process, 163 people were enrolled into the centre. The students were mainly vice presidents of intermediate people's courts or deputy chief justices of higher courts, as well as some judges. Of the enrolled students 120 will be non-degree graduate students, and the rest will be studying for masters or doctoral degrees.

The centre, founded on February 13, is the first of its kind in the country. Sponsored by the Supreme People's Court and the State Education Commission, it has no campus, but has entrusted the training of its students to Beijing University and China People's University, both boasting strong law faculties.

China is by and large a country ruled by leaders rather than laws, but it is widely believed that a society controlled by laws is much fairer and more reasonable. Chinese people began to realize this in the late 1970s, as the "cultural revolution" (1966-76) came to an end and China opened its doors to the outside world.

To prevent the recurrence of a "cultural revolution" and to catch up with developed countries, Chinese authorities recognized that they needed to build their own legal system. When they set about this task, though, they found they faced many problems which could not be solved in a short time. One of them was a lack of legal personnel.

Now, after 10 years, things have changed greatly. According to

Teng Teng, vice minister of the State Education Commission and deputy director of the centre, in the past decade, the rate of enrolment of law students is higher than for any other speciality. In 1987, he said, 13,139 students enrolled to study law in universities and colleges, ten times the number in 1978. "In 1979, we had only 122 law graduated students; last year we had 3,951," Teng said.

Nevertheless, China has fewer qualified legal personnel than it needs and there are more judges' posts than the law graduates can fill. Many senior judges who are experienced but less educationally qualified need to receive further training.

In some cases the post of judges can be gained only through recommendation and promotion rather than election and examination. To remedy this situation, Ren Jianxin, president of the Supreme People's Court and director of the centre, said China is drafting its first law on judges, which specifies that a national examination system be passed and a selection system used under which a judge of a senior court must be selected from outstanding judges in subordinate courts. The supreme court and some selected local higher courts will reportedly try the new method of judicial appointments next year.

"The foundation of the China High-Ranking Judges Training Centre will pave the way for the enactment and practice of the new law," said Ren.

by Li Halbo

Weekly Chronicle (September 19-25)

POLITICAL

September 20

■ In talks with visiting Sri Lankan Prime Minister Ranasinghe Premadasa, Chinese Premier Li

Peng says China follows an independent, peaceful foreign policy and is willing to develop its relations with other countries on the basis of the five principles of peaceful co-existence. He says all countries, large and small, can contribute toward defending world peace.

■ A Communist Party and government delegation, headed by Vice President Wang Zhen, leaves Beijing for Ningxia in northwest China to celebrate the 30th anniversary of the founding of the Ningxia Hui Autonomous Region.

Ningxia is China's only provincial-level Moslem Autonomous region. It has a population of more than four million in an area of 66,000 square kilometres.

September 22

■ The Political Bureau of the Chinese Communist Party Central Committee called a central work conference in Beijing from September 15-21, Xinhua reports.

Presided over by General Secretary Zhao Ziyang, the conference discussed the country's economic situation and worked out important policy proposals on checking inflation and deepening reform.

September 24

■ The Political Bureau of the Central Committee of the Communist Party of China (CPC) holds its 12th plenary session in Beijing today, Xinhua reports.

The session has decided that the third plenary session of the 13th Central Committee of the CPC will be open on September 26. The meeting discussed and passed the Party's working report made by General Secretary Zhao Ziyang, which will be submitted to the forthcoming third plenary session for examination.

ECONOMIC

September 19

■ Three new corporations have been set up to replace the former ministries for coal, oil and nuclear energy disbanded in the restructuring of central government organizations to separate government functions from those of enterprises.

They are the China General Coal Corporation, the China Oil and Gas Corporation and the China National Nuclear Corporation.

September 22

■ The total industrial output value for the Shenzhen, Zhuhai and Shantou special economic zones in Guangdong Province totalled 4.45 billion yuan in the first half of this year, the overseas edition of *Renmin Ribao* (People's Daily) reports.

Their total value of exports for the same period exceeded US\$1 billion.

CULTURAL

September 19

■ A new TV series based on famous Chinese writer Ba Jin's novels, *Family*, *Spring* and *Autumn*, has been filmed jointly by the Shanghai and Sichuan TV stations, Xinhua reports.

The 19-episode series, which is being dubbed into English, is the second longest Chinese television series of the year, following *The Last Emperor*.

September 22

■ The China Science and Technology Museum, the first of its kind in China, opens to the public.

Situated in the northern part of the capital, the museum covers an area of 7.1 hectares and has a floor space of 53,000 square metres.

On display are more than 500 exhibits showing the development of ancient Chinese traditional technology and 125 exhibits on modern science and technology.

UNITED NATIONS

43rd Session Faces Challenges

A new trend of international detente offers the latest United Nations General Assembly session an opportunity to assert itself in settling some long-standing world problems.

Delegations from 159 member states of the United Nations attended the 43rd session of the UN General Assembly, which opened on September 20 in New York.

With the settlement of some conflicts in Afghanistan, southern Africa and the Persian Gulf, the intense world situation seems to have turned to detente. Clearly, the United Nations is playing an increasingly large role in mediating difficult problems, and Secretary-General Javier Perez de Cuellar himself has drawn due appreciations from the international community. In accordance with the changing situation, the General Assembly put economic development, disarmament and local conflicts on its top agenda.

"We should endeavour to settle inequalities between the Northern and Southern hemispheres," stressed Dante Caputo, the newly elected president of the General Assembly.

In 1988, the world economy developed slowly, and the existing gap between the South and North widened. Currently, the total foreign debts of developing countries have exceeded US\$1,200 billion. The payments per year, principal plus interest, amount to about US\$150 billion. This greatly exceeds recent annual foreign aid. The crisis of debts in developing countries not only decreases the world market but also retards the growth of developed countries. The 43rd session of the UN General Assembly will discuss the worldwide concern for this

problem, seeking to find a way to resolve it.

Disarmament is another important topic in this session. Caputo described the recent change in the world scene as the most important one since World War II. The session will further encourage the current disarmament tendency. Although a good beginning appeared in the disarmament treaty between the United States and Soviet Union, implementation will be difficult.

In the third special session on disarmament of the General Assembly held in June this year, most countries gave suggestions urging the United States and Soviet Union to carry through on disarmament of nuclear and

conventional weapons and to stop the arms race in space. Because of the US stubborn opposition, the session failed to reach a final unanimous agreement. But some resolutions on disarmament in the current session will reflect ideas most countries had supported.

There will also be an intense struggle around the long-standing Kampuchea problem. In recent months, with the Soviet troops' withdrawal from Afghanistan and the ending of the Iran-Iraq war, world opinions and deep concerns are focusing on the conflict in Kampuchea. It is predicted that in this session there will be more calls for Viet Nam's immediate withdrawal from Kampuchea in order to clear the way for a true political settlement of the conflict.

In coping with its unprecedented isolation on the world stage, Viet Nam has been feigning a desire for a political settlement so that it would not be labeled an aggressor. Viet Nam has attempted to confuse the session by insisting that removal and condemnation of the Coalition Government of Democratic Kam-

The 43rd session of the UN General Assembly may be the most influential one yet.

by GAO XUEYU



puchea is the key to resolution. Thereby, the Vietnamese government has demanded modification of resolutions on the Kampuchea problem passed by all previous sessions. Viet Nam's activities have thus raised the watchful concern of many delegations.

Now the majority of countries, in the spirit of detente, are determined to jointly discuss, consider and deal with international affairs and further contribute to the cause of peace and development.

by Chu Qimen

the US Congress asserts that Soviet electronics and computer science drags behind the United States from seven to 10 years.

Proceeding from these realities, Soviet leader Mikhail Gorbachev reconsidered the status quo of socialistic and capitalistic systems. An offer was made to readjust relations with the United States and the Soviet foreign policy in the hope of gaining a peaceful international environment to realize the Soviet long-term economic development strategy and narrow the distance Moscow has fallen behind Washington.

The US foreign policy since the Second World War has been characterized by an attempt to contain the Soviet Union and the spread of socialism. For this end, in 1951 the United States passed the Marshal Plan and provided US\$13.3 billion in aid to Western Europe, greatly accelerating its economic recovery and development. Washington also tremendously promoted Japanese economic revival and structural readjustment by providing technology, market and other preferences to Tokyo. In the eyes of US authorities, Soviet economic might is still no match and constitutes no actual threat.

An August 11 US *Wall Street Journal* article said a series of major changes that recently have taken place in the world have forced the United States to reassess its national interest. The old security policy to contain communism, which it has pursued consistently, has proved unsuitable for today's new situation. The accent of new policy should be centred on how to deal with economic competition, the article said.

In fact, it is now Western Europe and Japan who have become arch economic rivals for the United States. This can be seen in regard to Japan as follows:

First, Japan is narrowing its gap

US-USSR

Detente Reflects Economic Pressures

The recent readjustment in US-Soviet relations has deep economic roots and is expected to exercise a favourable influence on international relations in the long run.

The signing and implementation of a treaty on the elimination of intermediate-range nuclear missiles between the United States and the Soviet Union marked a new era in their bilateral relations. Confrontation and a race for arms has changed to a dialogue and economic competition.

This economic competition is a race of "comprehensive national strength." A Japanese research institute defines it as a country's ability to contribute, survive and reinforce. But economists generally believe that it is mainly centred on economic might and the level of scientific knowledge and technology.

Studies show that the comprehensive national strength of the United States is 10, the Soviet Union, 8 and 4-5 for Japan and Western Europe respectively.

Detente has been a result of growing economic pressures on the United States and Soviets to compete. Since the mid-1970s, the Soviet economic growth rate has slowed down markedly and come to a halt, revealing a gap that is widening between the Soviet economic might and that of the United States. In terms of comprehensive national strength, the Soviet Union is still second in the world. But in terms of gross

national product (GNP), it is third, having already been surpassed by Japan.

According to Japanese official statistics, the Soviet GNP was 52.3 percent that of the United States in 1980, 52.4 percent in 1986 and is expected to fall to 50.7 percent by 2000.

Soviet official figures place the Soviet national income at around 31 percent of the US figure in 1950, 58 percent in 1960, 65 percent in 1970, 67 percent in 1975 and 66 percent in 1985.

It is noteworthy that in the 1950s and 1960s, the Soviet Union was catching up with the United States mainly by taking advantage of resource superiority. Though having exceeded the United States in certain areas, such as the yield of oil, cement, iron and steel, the Soviet Union still lags far behind the United States in economic efficiency, quality and technology. Some Soviet economists estimate that their country falls behind the West more than a decade in those areas.

Some Western scientists agree that in high-tech fields, such as computer science, life science, new materials and photoelectronic technology, the Soviet Union trails not only the United States but also Japan. A report issued by

with the United States in economic strength. Statistics show the steady rise of Japanese GNP in proportion to that of the United States: one-twentieth in 1950, one-eighth in 1965, one-third in 1985 and one half in 1987. The Japanese per-capita GNP figure has already surpassed that of the United States.

Second, the United States has fallen to become the largest debtor nation in the world. By the end of 1987, US net foreign debt amounted to US\$368.2 billion. Japan, on the other hand, owns US\$240.7 billion in net overseas assets, ascending to the largest creditor nation in the world. Japanese capital is flooding into the United States, and some Americans have begun to ask themselves: "Is America for sale?"

Third, in high-tech areas, although still maintaining its leading position, the United States

is meeting with fierce competition from Japan. The Japanese government is co-operating with enterprises in a major effort to develop high technologies. This has aroused grave concern from the United States.

Faced with such a challenge, the United States naturally welcomes the Soviet peace offensive. In doing so, the United States can improve its relations with the Soviet Union and concentrate on its competition with Japan.

The readjustment in US-Soviet relations is not tactical but rather strategic. The relaxation of their relations benefits not only the two countries but will produce a vast influence on world politics and economy. Countries throughout the world can make use of the favourable environment to carry out economic adjustment and reforms.

by LI Changjlu

million mainly inhabiting the cities and flatlands along the Mekong. Thailand forms the main corridor for its imports and exports. An estimated 90 percent of goods on the markets in Vientiane come from Thailand.

In the first half of this year, the trade volume between Laos and Thailand increased by 82 percent from the same period last year. In early September the two countries signed a contract on the joint establishment of a clothing manufacturing plant. The contract marks the first jointly-financed project since Laos issued a law on foreign investment in July this year. Under the law, Laos is expanding its economic, scientific and technological co-operation with foreign investors to exploit its potential resources.

Trade relations between Laos and China have been gradually developing on a mutually beneficial basis since their diplomatic relations at the ambassadorial level were restored. In early September, a Chinese trade delegation visited Laos and the two sides held friendly talks on a long-term trade agreement and a trade agreement for 1989. They also amicably discussed the issue of border trade.

An underdeveloped country with many mountain areas, Laos is rich in natural resources. But backward communications and transportation systems, and a lack of funds and technical personnel have meant the resources cannot be fully exploited. This is the main problem facing the economic construction. The law on foreign investment was passed to try to ease such difficulties.

As part of its economic reform programme, the Laotian government is also expected to open more to the outside world. A series of measures have been adopted in the past two years to turn the economy around. Apart from the law on foreign investment and

LAOS

Foreign Trade Ties Expand

Since the Lao People's Revolutionary Party instituted a series of reform measures at the Fourth National Congress in 1986 and began implementing economic reforms, Laos has seen many changes for the better, especially in foreign trade.

The Laotian People's Democratic Republic has established and developed trade relations with many countries and regions in the world, including Hong Kong, Japan, Singapore, Thailand, France, the United States and China.

In 1987, Laotian Vice-Minister of Foreign Economic Relations and Trade Somphavan Inthavong said, the country's total trade volume was US\$280 million, with exports accounting for US\$64 million and imports US\$216 million; this put the trade deficit at US\$152 million. The deficit was

mainly balanced by foreign aid and loans, 80 percent of which came from the Soviet Union and other European countries.

Laos' main export goods include electrical products, coffee, tin, gypsum, handicrafts and forestry products. Exports to capitalist markets in 1987 amounted to US\$35 million, US\$32 million of which came from electrical products and timber. Exports to socialist countries were valued at US\$29 million.

Located on the banks of the Mekong River, Laos is an inland country with a population of 4

agricultural reforms, they include relaxing restrictions on trade tariffs for imports and exports, simplifying entry and exit formalities for imports and exports, and making it possible for both state and private enterprises to expand import and export trade with foreign countries. The reforms and the policy of opening to the outside world are widely

welcomed by industrialists and businessmen in Vientiane.

Although progress has been made in economic reforms and foreign trade expansion, Laos still faces many difficulties: it lacks the funds and qualified personnel needed to exploit its rich natural resources, and is plagued by a poorly developed infrastructure.

by Ling Dequan

PLO

Arafat Drums Up World-wide Support

Yasser Arafat recently proposed a comprehensive solution to the long-standing Arab-Israeli conflict based on UN-relevant resolutions when he addressed the European Parliament.

Yasser Arafat, chairman of the Palestine Liberation Organization (PLO), had an opportunity recently to express at a European forum the desire to forge a lasting peace with Israel by establishing an independent Palestinian state.

Addressing the Strasbourg-based European Parliament in France on September 13, the PLO chief suggested a comprehensive solution to the long-standing Arab-Israeli hostility be based on a package of UN-relevant resolutions, including the controversial Resolution 242 of 1967. Despite international pressure, the PLO had refused to accept the resolution because it fails to address the Palestinians' rights to self-determination and an independent state.

Although Arafat had previously put forward similar proposals in interviews and individual meetings with politicians, his Strasbourg speech marked the first time he laid down such a detailed written plan to an international gathering, indicating a "fundamental change" in the way the PLO presents itself.

To further the PLO's peace image, he indicated at a press conference the next day that he is

ready to talk with any Israeli officials about the projected establishment of a Palestinian state "within the framework of the United Nations."

Arafat's move is seen as part of a drive to drum up world-wide support for the PLO in confronting new challenges arising from Jordan's July 31 decision to cut off legal and administrative links with the West Bank.

Jordan described its withdrawal as a move to strengthen the PLO's position in future negotiations. Surprised by such a decision, the PLO, known as the sole and legitimate representative of the Palestinian people, had to fill the vacuum and assume responsibility for the West Bank. But the PLO leaders seem not to have yet reached a consensus on the ways and means of tackling the issue.

During a series of meetings in Baghdad in mid-August, some PLO leaders suggested a provisional government, comprising known PLO figures and leaders from inside the occupied territory, be established as a prerequisite for an independent state. But the so-called "hardliners" considered it as equal to the recognition of Israel before Tel Aviv acknowl-

ges the Palestinians' inalienable rights. Arafat carefully sidestepped the issue at the European Parliament, apparently in a bid to head off more internal quarrels.

Nevertheless, the PLO leaders have agreed to refer the issue to the 450-member Palestine National Council (PNC), or parliament in exile, to decide. The PNC had delayed its scheduled full session till October in Algiers to allow more consultations. But no firm date has been set so far.

At the verge of proclaiming the provisional government, the PLO's foreign affairs spokesman Farouk Kaddoumi attended a non-aligned meeting in Nicosia, capital of Cyprus, on September 8. He urged the UN to shoulder temporary responsibility for the West Bank and Gaza Strip, where a popular uprising against Israeli occupation is maintaining momentum after nine months and breathing new life into the Palestinian movement.

To get the plan to work, Arafat has to persuade some of his colleagues first to accept the reality—the "de facto" recognition of Israel within the pre-1967 boundaries. Abu Sharif, one of Arafat's closest aides, earlier this year advocated a two-state solution (acceptance of Israel along with a Palestinian state) to the Arab-Israeli dispute. But that triggered a wave of protest by Damascus-based hardline PLO groups.

The most formidable obstacle comes from Israel, which has long stubbornly rejected a Palestinian state or even talks with the PLO. Nor has the United States retreated from its stand of no talks with the PLO.

No matter what will happen in the future, the worldwide general peace trend is not reversible. The Middle East, also, will surely find a way out of the present deadlock.

25W

by Li Hongqi

Arts and Crafts: Protection, Expansion, Innovation

China took another step towards protecting and fostering its traditional arts and crafts by conferring the honorary title of "Master of Chinese Arts" on 96 of the nation's most accomplished artists and craftspeople at the Third National Assembly of Art Workers last April. These masters will be given better working and living conditions; biographers will write books about them; and their works will be collected.

by Our Correspondent LI LI

China took another step towards protecting and fostering its traditional arts and crafts by conferring the honorary title of "Master of Chinese Arts" on 96 of the nation's most accomplished artists and craftspeople at the Third National Assembly of Art Workers in April.

This unprecedented event was evidence of the government's effort to protect and preserve a major aspect of the nation's cultural heritage. The masters named this year, and others who will be named every three years from now on, will be given better working and living conditions; biographers will write books about them; and their works will be collected.

Long History, Wide Variety

It was as long as 4,500 years ago that the ancient Chinese began shaping and firing clay, creating painted pottery in the forms of bowls, basins, pots, and other household objects. The red, grey, white, black, and multicoloured containers were decorated with carvings of animal figures, geometrical patterns, and depictions of human beings. Their natural, delicate and aesthetic quality is still valued today.

Porcelain manufacture began

about the time of the Han Dynasty (206 BC-220 AD), and from then on both pottery and porcelain became major forms of traditional Chinese art. Other forms include the tri-coloured glazed pottery of the Tang Dynasty (618-907), the printed white porcelain of the Song Dynasty (960-1279), blue-and-white porcelain of the Yuan Dynasty (1279-1368), and the enamelled glaze ware of the Ming and Qing dynasties (1368-1911).

Traditional Chinese arts and crafts include ceramics, sculpture, metalwork, lacquerware, knitting and drawn-work, embroidery, and carpet-weaving. Each category

includes many subtypes; for example, sculpture includes work in jade, ivory, stone, wood, bamboo, bone, and clay, among other media. Also considered as part of Chinese arts and crafts are a profusion of other forms such as sandalwood fans, silk figures, potted landscapes, leather silhouettes, opera facial makeup, coloured lanterns, papercuts. The list numbers in the thousands.

Chinese arts and crafts are famous not only in the homeland but also abroad. The ten best-known centres for their production are the cities of Beijing, Tianjin, and Shanghai, and the

Adding finishing touches at the Beijing Hualan Cloisonne Factory.

XUE CHAO





A Suzhou sandalwood fan.

XU XIANGJUN

provinces of Jiangsu, Zhejiang, Shandong, Fujian, Guangdong, Hunan, and Sichuan. Beijing is not only the political capital but also the capital of arts and crafts, with dozens of ateliers turning out jade objects, ivory carvings, carved lacquerware, cloisonne, filigree, and jewelry. Jade carving is one example. Artists such as Li Bosheng, a 47-year-old "Master" who works at the Beijing Jewellery Factory, carved an image of the "Buddha of Infinite Longevity" on a piece of agate which had more than ten colours. Like other jade carvers, he matched his workmanship to the jade's natural forms, veins, and colours to create a natural-looking, harmonious work. A dark reddish-brown section became the Buddha, while a bluish-white section was carved to depict the Buddha's patchwork robe (the Buddhist *kasaya*), the moon, floating clouds, and flowing water. Another grey-coloured section became flying birds, an incense burner, and gentle waves. It is no wonder that this work has been named a

national art treasure.

If Beijing is known as a capital for all the arts and crafts, Tianjin is best-known as China's major producer of high quality carpets. Tianjin's 90-warp, pile-cut rugs are made of the finest-quality wool and are characterized by resilience, exquisite craftsmanship, and various beautiful designs. Luxurious silk carpets are another major product. By the beginning of this century, Chinese rugs had become a major export item; they have won many prizes at international fairs and expositions. The large *Great Wall* tapestry in the lobby of the United Nations Building in New York was made in Tianjin.

The varied arts and crafts which make use of local raw materials from China's provinces include Nanjing scaling tissue, red pottery from Yixing, clay figurines from the Huishan Mountain in Wuxi, Jiangsu, Duanyan ink-slabs from Zhaoqing in Guangdong, iron pictures from Wuhu in Anhui, bamboo-and-silk fans from Ziqing in Sichuan, translucent wine

goblets from Jiuquan in Gansu, and coconut sculptures from Hainan.

Government Support

The 40 years since the founding of the People's Republic have been a flourishing period for traditional arts and crafts. For one thing, the number of craftspeople working in these fields has increased enormously. According to 1987 figures, 3,600 enterprises, 770,000 workers, and 3.6 million involved in village and town units and households are producing arts and crafts. The output value of and foreign currency earned by arts and crafts have also grown. In 1952, total output value in this area was less than 100,000 yuan; by 1987, it was 9.5 billion. Foreign currency revenues rose from

A weaver at work in the Shandong Province Taian Carpet Factory, famous abroad for its antique style carpets.

YANG LIMING



US\$36.8 million in 1949 to US\$2.2 billion by 1987.

This period has also seen important innovations in design, techniques, the use of raw materials, and new varieties of crafts. For example, straw weaving formerly used only wheat stalks, cat-tail stems, mat straw, and a few other materials. Since the early 1960s, new materials such as corn husks, cobs, alpine rushes, salt-water straws, bamboo-shoot shells, and many kinds of weeds have come into use. Recently developed crafts include feather-and-shell pictures which developed in the late 1950s, plastic flowers which developed in the 1960s, and the polyester flowers and coloured-stone and thin-wood inlaid pictures of recent years.

Another indication of the development of Chinese arts and crafts has been the establishment of schools and departments for the training of artisans in addition to the traditional apprenticeship system. The Central Fine Art Institute, China's only comprehensive art institute, was founded in 1956, but since then more than 60 college departments and secondary technical schools de-

voted to this field have been established. These schools teach ceramics, clothing design and manufacture, dyeing and weaving, furniture design, lacquerware, decorative painting, sculpture, and other subjects.

Traditional arts and crafts have also enjoyed increasing international prestige during the past 40 years. They have been exhibited on more than 300 occasions in 100 nations and regions and have received acclaim from viewers and critics. Between 1979 and 1988, 23 products including Chinese carpets, carved lacquerware, carved porcelain, embroidery, and jewelry have either won gold medals or taken first place at various international fairs and competitions.

These results are due in no small measure to support by the Chinese government. In the early years after the founding of the People's Republic, the government made efforts to halt the decline of the arts and crafts industry by instructing local institutions to help folk artists who had given up their trades and encourage them to return to their original profession. The government also collected, excavated and collated traditional

arts and crafts.

In July 1957, the First National Assembly of Art Workers opened in Beijing. The meeting adopted the fundamental principle of "protecting, expanding, and promoting" traditional arts and crafts. It also adopted measures to care for elderly artists, train new workers, and encourage the creation and design of new art forms. These actions were so successful that from 1957 to 1965 the total output value of the arts and crafts industry tripled.

China's First National Arts and Crafts Exhibition took place in 1972, during the "cultural revolution." More than 10,000 visitors from 90 countries came to view the 30,000 works on display. The exhibition, sponsored in compliance with Premier Zhou Enlai's instructions, played an important role in counteracting the prevalent ideology of rejecting China's past. The second exhibition, held in 1978 after the end of the "cultural revolution," was another affirmation of the government's policy of protecting and expanding China's arts and crafts.

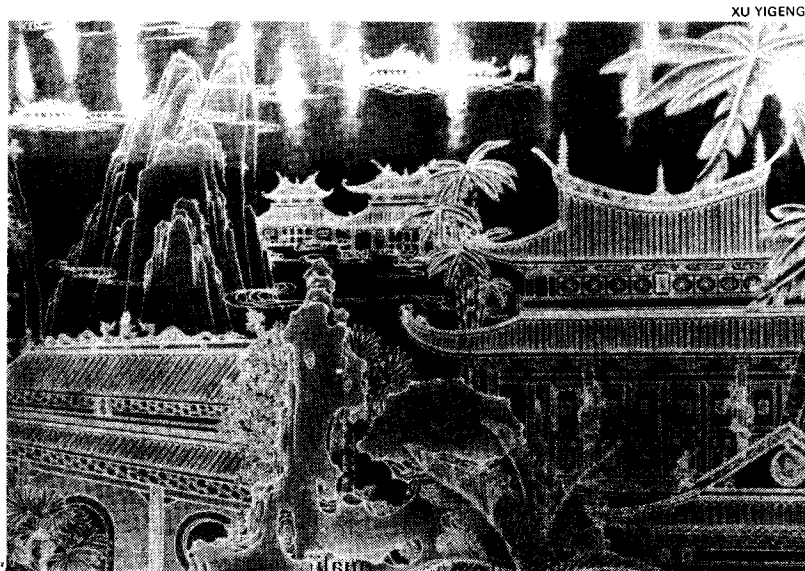
The Second National Assembly of Art Workers was held in Beijing in 1979. It reviewed the orientation, planning, and tasks of arts and crafts creation and design under the new circumstances, and singled out many outstanding older artists and designers for commendation.

The Third National Arts and Crafts Exhibition, held in 1987, documented the remarkable achievements of the previous eight years. Exhibits included not only valuable classic works but also a large number of newly created pieces which combined traditional techniques and innovative ideas. Like earlier exhibitions, it won wide acclaim.

New Problems, Solutions

Although China's arts and

A piece of lacquerwork made in Shanghai depicting a Confucian Temple in Taiwan.



crafts industry is now better-developed than ever before, it still faces difficulties and problems as the nation's economic and social reform proceed. For example, traditional arts and crafts are less competitive than other industries because they are usually small-

traditional works to be halted. And the combination of low profits and low wages has deterred many ambitious young people from becoming apprenticed to master artisans, thus threatening the future development of the industry.

modern art, foreign art, and the arts of China's minority peoples. Designers should be aware of current living trends so they can create practical works by combining traditional art with modern life. Only in this way can the arts and crafts industry satisfy the demands of the international market, expand exports, and at the same time broaden domestic sales.

The assembly also agreed that measures must be taken to protect the arts and crafts industry from being squeezed out in the heated competition generated by China's move to a commodity economy. The participants' study of problems being faced by the industry and an examination of the experiences of other nations in this area led them to decide to:

- Classify and label traditional works in order to manage them and guarantee quality and authenticity. The departments concerned are now preparing certificates and marks which will be used for instructions, trademarks, packaging, and advertising. Pieces and enterprises not entitled to use these designations will be forbidden to use them.

- Grant preferential treatment and support from governments at all levels in taxation, credit, and supplies of materials to designated enterprises. Detailed rules and regulations governing these procedures are now being studied.

- Create the system of honorary titles mentioned at the beginning of this article.

- Collect and protect classic arts and crafts works. The first China Arts and Crafts Exhibition Centre will open in Beijing in 1989. It will house all the ancient, modern, and contemporary works collected by the nation.

- Speed up the training of qualified artisans. ■



HUANG JINGDA

Artist Jia Yusen (left) completes a jade carving of flowers and birds at the Beijing Great Wall Arts and Crafts Factory.

scale enterprises where the production process is long and labour-intensive and profit margins are low.

In addition, rapid increases in the cost of raw materials, coupled with supply shortages, have caused production of some

The problem of protecting the arts and crafts industry was a major topic of discussion at the Third National Assembly of Art Workers this year. The participants agreed that artisans should begin integrating traditional concepts with recent achievements in

Modern Chinese Embroidery

by Our Correspondent Li Li

A double-sided embroidery entitled *Gazing at the Moon* hangs in a Beijing museum. One side shows the back of a woman, wearing a gown of silk gauze and gazing at the moon. The other side shows her beautiful face. The hazy moonlight, vividly portrayed through the use of diaphanous blackish-green lustring and special light-refracting threads, creates shadows that bring out the woman's longing for her far-away lover.

This embroidery is an ingenious and lovely example of a newly developed Hunan art based on

traditional handicrafts. This form of embroidery, in which two entirely different scenes are created on one backing, began in the late 1970s. When works using this technique were exhibited in the United States and Canada a few years later, viewers reacted enthusiastically.

China has four major centers of embroidery: Hunan, Guangdong, Sichuan, and the city of Suzhou in Jiangsu Province. Fragments discovered in ancient tombs indicate that folk embroidery dates back to the fifth century BC in Hunan and that many of the

stitches in use during the Han Dynasty (206BC-220) are still in use today. During the Ming and Qing dynasties (1368-1911), painters became involved in the design of embroidery patterns.

The Hunan style tends to be realistic and to use vivid colours. The use of varied stitches and precise outlines gives a three-dimensional effect. This form of embroidery which offers two patterns totally different in either colour or stitching evolved from single-side and straight double-sided embroidery, which presents the same image on both sides of a backing.

The exquisite Hunan embroidery of Luo Zibin, a designer at the Hunan Embroidery Research Institute, has proved highly popular.

NING GUANGQIAN



Huang Cuifeng, a master designer at the Hunan Embroidery Research Institute, was the creator of this unique decorative art form. A native of Guangdong Province, Huang, now 49, graduated in 1964 from the department of traditional Chinese painting of the Guangzhou Art College and was assigned to the Hunan institute. After becoming a specialist in Hunan embroidery, he began designing patterns inspired by the depictions of beautiful women found in traditional Chinese painting and worked with artisans to see if they could be created through needlework.

Huang has used traditional skills to express new ideas. For example, in 1985 he and his colleagues adapted the succinctness, unpretentiousness, and fine texture of Hunan folk stitches to create patterns made up of coloured geometric planes. This introduction of modern aesthetic elements proved highly successful, and within six months they had

produced a collection of more than 500 items, including wall hangings, screens, cushions, bags and clothing which have sold well domestically and abroad.

Although there are few differences in the stitches used in Sichuan and Hunan embroidery, the Sichuan style has its own characteristics.

Peng Yongxing is the best-known master of contemporary Sichuan embroidery. He began learning embroidery when he was nine and is now working at the Chengdu Embroidery Factory. In the late 1950s, Peng designed a single-sided embroidery screen, *Lotuses and Carps*, a strongly three-dimensional piece which features clusters of lotuses of varying heights and plump carp swimming against a background of white satin. This classic work too is now at the Beijing museum.

Guangdong-style embroidery is noted for its use of embossing; the use of layers of thread heightens the three-dimensional effect. The lavish use of bright red, green and gold threads makes many of these works bright, and even sometimes garish. It is used in many decorative items given at weddings, births, and on other occasions.

One famous Guangdong-style work is *Nine-Dragon Screen*, an adaptation of a traditional Chinese theme. This 1983 piece uses the typical layering, this time of gold thread, to depict nine golden dragons leaping majestically from the ocean's waves. The dragons' scales stand out as much as two centimetres from the backing. The effect of the ocean's spray is created with silver thread piled up layer upon layer so it stands out from the blue waves.

Of all four Chinese embroidery styles, that of Suzhou was the earliest to develop on a large scale. Centralized embroidery workshops and neighborhoods appeared there as early as the start of



A Suzhou embroiderer.

XU XIANGJUN

the Song Dynasty (960-1279). By the 15th century, the characteristic Suzhou style—winsome cats and elegant goldfish are typical subjects—was already fully developed. In the past 40 years, and especially during this decade, Suzhou embroidery has reached new heights. The city alone has three embroidery factories which employ more than 3,000 workers. There is also a research institute with 300 staff members. In addition, as many as 100,000 individuals in nearby towns, villages and households specialize in producing embroidered works.

Gu Wenxia is the head of the Suzhou Embroidery Museum. She comes from a family of embroiderers and is an expert in Chinese arts and crafts. In the 1950s, she travelled to Western

Europe displaying her works, which elicited wide praise. In recent years, she has not only continued producing her own embroidery but has also been duplicating ancient designs and writing books on basic stitches of Suzhou embroidery, double-sided embroidery, and other subjects.

Gu believes that the quality of Suzhou-style embroidery must be improved if it is to survive and flourish. She has therefore been working to establish a Suzhou embroidery research institute where ancient works will be preserved and duplicated and the feasibility of new styles studied. However, she added that the institute's most important task will be to train and raise the standards of Suzhou's embroidery artisans. ■

Projected Changes in Chinese Consumption

With a per-capita GNP of less than US\$1,000 a year, China is classified as an underdeveloped country. Yet, in 1986, its consumption of basic commodities was way ahead of the estimated averages for all developing countries. Building on this foundation, China is aiming to structure its consumption along the lines of the economically developed countries of Western Europe and North America.

by Ding Shengjun

The World Bank classifies nations into three categories: economically underdeveloped, i.e. with a per-capita GNP of less than US\$1,000 per year (36 percent of the world's countries); secondary developed countries, with a per-capita GNP of US\$1,000-5,000 (34 percent of countries); and developed countries, with a per-capita GNP of more than US\$5,000 (30 percent).

China falls into the first category. But among the economically underdeveloped nations, Chinese consumption of basic commodities in 1986 was already way ahead of the 1990 estimated averages for all developing countries, as the table below shows.

With sufficient supplies of most necessities for life, it is now perceived that China should attempt to structure its consumption along the lines of the economically developed countries of Western Europe and North America.

Since World War II, these countries have witnessed both an increase in per-capita GNP and a diversification of their patterns of consumption. The major changes have been:

1. Expenditure on food has been reduced to less than 20 percent of total expenditure.

2. Lacking large-scale cotton growing areas, many economically developed countries have replaced cotton in clothing and

other textiles with artificial fibres. Between 1971 and 1981, the percentage of cotton in all fibres fell by 6 percent, and it is expected to drop another 3.7 percent by 1990. In the past 30 years, per-capita income spent on clothing has fallen 30 to 60 percent.

3. With increased buildings, renovation and modernization, expenditure on housing has increased to around 8-10 percent of total expenditure.

4. The growth in car ownership and tourism has pushed expenditure on transport and travel up of 38-250 percent.

5. The percentage of expenditure on services has risen 50-140 percent. More money is now spent abroad and individual consumption has become flexible and individualized across many varieties of goods.

The structure of consumption in China differs greatly from the Western model. In 1986, around 55 percent of per-capita expenditure went to food. The egalitarian practice, known as "everybody eating from the same big pot," combined with a welfare type of distribution and artificially low prices for farm produce have contributed to the current situation where increased purchasing power is principally used for buying more food.

The demand for food has brought greater pressure on the supply of farm produce and has

Annual Per-Capita Consumption of Basic Commodities

	Developing Country Average (1979-81)	China 1980	China 1986	Estimated Average for DCs 1990
Total grain	213 kg	330.5 kg	391 kg	232 kg
Feed grain	36.3 kg	39.2 kg	69.8 kg	43.2 kg
Meat	12.6 kg	12.8 kg	17.5 kg	13.9 kg
Heat (daily)	2350 kcal	NA	2485 kcal*	NA
Protein (daily)	57.5 g	NA	66.8 g*	NA
Fat (daily)	40.6 g	NA	49.3 g*	NA
Clothing—total				
fibre	3.42 kg	3.48 kg	10.58 kg	3.83 kg
Cotton	2.16 kg	2.63 kg	3.16 kg	2.22 kg

* = 1982 figures.

hampered the expansion of expenditure on housing, cultural and educational matters, and services. All of which have raised problems for the balanced growth of the Chinese economy.

Restructuring Consumption

Based on the level of its current productive forces, China should diversify its pattern of consumption along the following lines:

1. Now that most people in China have adequate supplies of food and clothing, and indeed should see an increase in the absolute volume of these vital commodities for the next few years, expenditure on food will drop as a percentage of total expenditure. Forecasts suggest that the figure will fall from 55 percent in 1986 to less than 45 percent by 2000.

2. Expenditure on clothing should stabilize or slightly increase. Handicapped by a lack of cotton and fur resources, synthetic and blended fabrics will mainly be used for garments, reducing pure cotton cloth and other valuable materials to a secondary position.

3. With the growth of new houses built by farmers in rural areas and the implementation of commercial housing in cities and towns, the percentage expenditure on housing should grow.

4. Expenditure on high-quality and durable consumer goods, household appliances, cultural and educational articles and sports equipment will rise. Energy consumption should also increase, but because of power shortage, household air-conditioning equipment will be restricted.

5. Many service industries have yet to be tapped in China, despite the fact that great potential for their development exists. The promotion of tertiary industry should be a priority for raising

standards of living and convenience in China.

Changes to the Menu

Although eating habit and diets vary enormously from one country to another, they all roughly fall into one of two categories: either principally composed of grain and other

Plans have been drawn up to ensure the nation a healthy diet. The annual per-capita consumption should consist of 210-230 kg of grain, 25-30 kg of meat, 10-12 kg of eggs, 15-20 kg of milk and 10 kg of aquatic products.

Supplemented by fruits, vegetables and pulses, every individual should receive 2,500 kcal of energy, 75 g of protein and 59 g of fat daily, thus satisfying or surpassing internationally agreed minimum nutritional requirements.

vegetables supplemented by animal products, or principally composed of meat, eggs and milk and other animal products supplemented by grain and other vegetables. The former has short food chains, is energy efficient and so is low in cost. Fundamentally a healthy diet, it has the disadvantage of lacking animal protein. The advantage of the animal produce diet is rich in protein, but has long food chains, and large energy consumption.

For example, the production of one kilogramme of beef, pork and poultry will respectively require four, three and two kilogrammes of concentrated feed. As a result of this, between 1979 and 1981 the annual per-capita consumption of grain in the economically devel-

oped countries was 175.5 kilogrammes, but the figure for the feed grain was 408.5 kilogrammes—or 2.3 times more grain was eaten via meat than directly.

The excessive consumption of animal foodstuffs can lead to heart disease, hardening of the arteries and obesity, seriously threatening people's health. Therefore, nutritionists in the West have long been arguing that the consumption of animal foods must be reduced and replaced with vegetables.

Clearly it is not just a matter of choosing one of the two fundamental diets: elements have to be taken from both of them. China therefore has to adopt the rational and scientific course of adding more animal proteins and nutrients to its predominantly grain, vegetable and fruit based diet.

Restructuring the national diet has to be planned with China's physical and human geography in mind. With its huge population, per-capita farming land (including grasslands and waters) amounts to just 0.1 hectare.

By 2000, the population will have reached 1.25 billion. The maximum grain harvest will be no more than 520 million tons—or 416 kg per person. Once seed grain, contributions to grain reserves and wastage are deducted, the figure drops to less than 400 kg.

However, plans have been drawn up to ensure the nation a healthy diet. The annual per-capita consumption should consist of 210-230 kg of grain, 25-30 kg of meat, 10-12 kg of eggs, 15-20 kg of milk and 10 kg of aquatic products. Supplemented by fruits, vegetables and pulses, every individual should receive 2,500 kcal of energy, 75 g of protein and 59 g of fat daily, thus satisfying or surpassing internationally agreed minimum nutritional requirements. ■

Non-Governmental Bank in Chengdu Successful

The non-governmental Huitong Urban Co-operative Bank in Chengdu has not only been highly successful, but — despite its small size — has exerted a great influence on the current reform of China's financial system.

by Our Correspondent Lu Yun

Since its establishment in October 1986, the non-governmental Huitong Urban Co-operative Bank in Chengdu has not only been highly successful, but — despite its small size — has exerted a great influence on the current reform of China's financial system.

The bank was opened by selling shares to both individuals and private, collective and state enterprises. And under the leadership of its board of directors, the bank is responsible only to its shareholders. The wages and benefits of its staff can rise and fall, and interest rates are fixed according to the market. The local people's bank has no powers to interfere in the bank's affairs (apart from the indirect administration of financial rules and regulations).

The bank has 3 million yuan of capital, 50 million yuan in savings deposits and 30 million yuan available for lending. So far, 2,000 enterprises have opened accounts with the bank.

The bank's 60 staff and four business centres are the responsibility of general manager Liu Yimin, deputy head of the Southwest University of Finance and Economics' Financial Department. Liu's deputy is Zhang Wei, 31, a lecturer at the same university and an alternate member of the China Democratic National Construction Association's Central Committee.

The bank's predecessor was the

Huitong Financial Company, established in February 1985 by Zhang Wei and a few other young economic theoreticians and educationalists. Zhang's aim was to push for reform of the financial system and collect funds for theoretical research. The company offered loans to private businessmen who could not open accounts with the state banks, and generally helped to supplement state banking activities. In October 1986, the company was re-organized into the Co-operative Bank with support from the provincial government and financial institutions.

Now, it has well-established lending and borrowing relations with the state banks, and possesses a first-class credit rating. Principally a commercial bank serving industry and agriculture, Zhang hopes it will specialize in handling high-risk investment in science and technology.

Zhang Wei said the practical experience he has gained at the bank has enriched his university lectures and papers. In the last few years he has published a dozen papers and translated articles. The papers include "Thoughts on Non-governmental Financial Institutions," "Opinions on Relieving the Shortage of Funds in Sichuan," and "The Need for Practical Training in Economic Education." He has also co-edited "The Issue and Administration of Shares," and in 1986 was awarded a special prize by his university for

his work.

The bank now plays an important role in the local economy. It has lent a farmer 1 million yuan to build a chicken farm which, with a total investment of 1.5 million yuan, is expected to produce 20,000 meat chickens a month. Another rural enterprise with a batch of unsaleable plastic products was on the brink of bankruptcy. After an investigation, the bank offered it another 70,000 yuan instead of reclaiming its previous loan of 50,000 yuan by selling off its fixed assets. At the same time, people were dispatched to sort out the company's administration and co-operation was encouraged with a machinery and electronic appliances research institute to develop new products. Last year, the enterprise not only repaid the 50,000 yuan loan but made a profit of 80,000 yuan. This year profits should reach 400,000 yuan.

Zhang is confident of the bank's future. He believes it is impossible to rely solely on the state financial institutions to meet the needs of future economic development. Non-governmental banks can do a lot in this field, he said. But he expressed fears that his bank has not got the necessary legal protection to create a sure sense of stability. He joined the China Democratic National Construction Association both to increase contact with economists, entrepreneurs and other experts and as a possible pressure group if his bank runs into trouble.

The Industrial Economy

by the State Statistical Bureau

Since 1979, China's economy has burgeoned. The reform programme has eliminated barriers erected over decades, and the country's planned socialist commodity economy has made rapid progress. Tens of thousands of entrepreneurs have thrust themselves forward, and 90 million industrial workers now go about their tasks with a new sense of purpose and urgency. Industrial and technological standards have risen dramatically, and efficiency has improved. In sum, China's industrial economy has blossomed.

The Major Changes

—Overall growth. To expand the productive forces of the primary stage of socialism and consolidate and develop the industrial economy owned by the whole people, state-owned companies, collectives, individuals and other associated organizations have been encouraged to develop and absorb foreign capital.

In 1987, although the output value of state-owned enterprises was double that of 1987, its percentage of total industrial output value had fallen from 80.8 percent to 59.7 percent. The output value of collectively owned enterprises had quadrupled, and accounted for 23.9 percent of total industrial output—up from 19.2 percent.

Urban and rural individually run industries and various co-operative industries, which grew out of nothing, produced an

annual output value of 200 billion yuan, 14.4 percent of total industrial output, foreign-funded enterprises and associated organizations produced 2.02 percent of total industrial output in 1987. Most gratifying, however, has been the rise of township and rural enterprises. In 1978, their output value was 38 billion yuan. It had increased eight times by 1987. Many township industrial enterprises in the coastal areas have absorbed foreign capital, imported advanced equipment, and become a vital part of China's drive for exports.

—Operational freedom. Since discarding its rigid administration of the economy, China's enterprises have acquired their own decision-making powers and the ability to accumulate capital, and remodel and expand their productive forces. This has expedited modernization and the upgrading of products.

It is estimated that state-owned industrial enterprises have raised 20 percent of capital construction investment and more than 33 percent of technical retooling funds raised by themselves.

As a result, state-owned enterprises have increased their ability to adapt to market changes. In recent years, industrial output value has increased at an average annual rate of 11.8 percent, and profits and taxes by 8.4 percent.

—Director responsibility. Greater operational freedom has proved a major incentive for both management and production. To rectify the defects arising from the integration of government ad-

ministration with enterprise management, China implemented the director responsibility system in 1984.

By the end of last June, 80.7 percent of China's enterprises had adopted the system, and in the first half of 1988 their output value had risen by 13.3 percent and their profits and taxes by 15.9 percent—figures higher than those recorded by state-owned industrial enterprises during the same period.

The director responsibility system was introduced to separate the ownership from management of companies. Combined with the simultaneous introduction of the contract and leasing responsibility systems, a bid was made to reform enterprises' operational mechanisms.

By the end of June, 90 percent of large and medium-sized state-owned industrial enterprises had implemented contract management responsibility systems, and 53.3 percent of the small ones had been handed over to collective ownership or leased to individuals. This reform of operational procedures has proved a major incentive for enterprises to develop production and improve their management.

—Diminishing mandatory planning. The establishment of a commodity economy has narrowed the scope for mandatory planning and expanded the role of market regulation and guidance. The number of products subject to mandatory planning dropped from 127 to 60 in 1986, and their proportion of total industrial

output value has dwindled from 40 percent to 20 percent.

At the same time, a consumer goods market has gradually taken shape. By 1986, 76 light industrial products were subject to the guidance plan, and only salt, cigarettes, newsprint and anastatic printing paper came under the mandatory plan. All other light industrial products were regulated through the market.

Because of this, commercial enterprises have been free to draw up their own purchasing plans and contracts, and have been able to select the most suitable time to buy their materials. This has led to companies negotiating their own sales. In 1987, two-thirds of the output of 24 major products were sold by commercial enterprises themselves. With the market thus playing a far greater role than before, both consumers and producers have benefited. On shop shelves, goods are in ample supply, and the stagnation that had existed for decades in consumer goods production has partially been removed.

With the deep reform of the planning and material supply systems, the number of materials distributed solely by the state fell from 279 in 1979 to 24 in 1987. Likewise, the proportion of materials distributed according to a central plan has also dropped. In 1988, the state distributed: 46.8 percent of steel products; 43.5 percent of coal; 13.6 percent of cement; and 25.9 percent of timber.

The proportion of materials subject to unified distribution by trade has also fallen. During the Fifth Five-Year Plan (1976-80), 81.6 percent of steel products were centrally distributed by the state machine-building industry. In the Sixth Five-Year Plan (1981-85), it was 52.4 percent. And in the first three years of the Seventh Five-Year Plan (1986-88), the figures have been 45.8 percent, 33.6

percent and 28.4 percent respectively. With the introduction of market mechanisms, enterprises have been transformed from pure production to production and management. A sample survey revealed that 80 percent of companies believed that market changes should be taken into account in planning production, and 90 percent believed raw materials should be purchased on the market.

All the companies surveyed sold their products through their own channels and said that this encouraged them to cut down on wastage of materials and improve quality to obtain economic returns. In the past ten years, energy consumption for every 100 million yuan worth of output value has fallen by 30 percent in Chinese enterprises, and the amount of steel products consumed has dropped by 23 percent.

—Conglomeration. Horizontal economic associations have greatly increased since the State Council issued its Provisions on the Further Promotion of Horizontal Economic Associations in 1986.

According to official statistics, 12.57 billion yuan was invested in 6,780 new economic associations by industrial enterprises at county level and above in 1987. These associations had a total of 3.42 million workers and staff at their disposal. Of the 6,780 new economic associations:

- 536 (7.9 percent) were formed either to manufacture brand name and quality products or by other key industrial enterprises;

- 2,754 (40.6 percent) were set up by funds pooled by various partners;

- 1,143 (16.9 percent) offered technical services;

- 285 (4.2 percent) were specialized economic associations;

- 511 (7.5 percent) combined

industrial production with commerce or foreign trade;

- 1,008 (14.9 percent) processed parts supplied by other enterprises;

- 543 (8 percent) formed other kinds of economic associations.

Overall, these associations have proved successful. In 1987, output value for the enterprises involved in them rose by 38 percent over the preceding year, profits were up by 38.1 percent, and the profits on each 100 yuan of output value amounted to 12.54 yuan—1.36 yuan higher than in state-owned enterprises.

The structure of horizontal economic associations is now being developed further. The total number of enterprises joining them is growing, and by the end of 1987, nine conglomerates had powers to draw up their own development plans independently. The number of regional associations has been increasing, and there are now more than 100 trans-provincial, municipal and regional economic and technological co-operative networks.

The Results of Reform

After a decade of reform, the vitality of China's industrial enterprises has been strengthened, and with the emergence of the socialist commodity economy, industry has entered a new stage of development.

—Sustained and balanced growth. Industrial production has maintained a steady and sustained development. In 1987, total industrial output reached 1,381.3 billion yuan—double that of 1978. In real terms, it had grown at an average rate of 11.8 percent a year, unprecedented since the founding of the People's Republic of China.

Between 1953 and 1978, industrial output value had increased at an average annual

rate of 11.3 percent. There were, however, marked rises and falls. For four years, China registered negative industrial growth. In the best year of this period, industrial output value rose by 54.8 percent, and in the worst it fell by 38.2 percent. But in the last ten years, there have been no years of negative growth: the increase in annual output value has varied between 21.4 percent and 4.3 percent.

The ratio of heavy to light industry has become better balanced over the last decade. Between 1979 and 1981, priority was given to the development of light industry, and its ratio to heavy industry changed from 43:57 in 1978 to 51:49 in 1981 and 50:50 in the ensuing years.

The structure of light industry has also changed. The proportion of products manufactured with agricultural materials has dropped as more industrial and mining materials have been used.

In heavy industry, the proportion of raw to semi-finished material has risen and fallen with fluctuations in processing industry. Because of the rapid development of China's processing industry, many materials are still in short supply and have to be imported, but no major imbalances have occurred like the one in 1978. Clearly, China's ability to exploit its own resources has improved and self-regulation of production has strengthened the industrial economy.

In the first six months of 1988, growth has been maintained. Total industrial output value (excluding village enterprises) has risen 17.2 percent over the same period of 1987, and it is expected that the growth rate for the entire year will be 16 percent.

Industrial Growth. In the last decade, China has witnessed industrial growth 10 percent greater than in the 16 years that preceded it. Many major industries manufactured more in these

ten years than in the entire 1953-78 period. For example: paper was 1.5 times greater; bicycles, 3.7 times; chemical fibres, 4.3 times; petroleum, 1.8 times; electricity generation, 1.7 times; cement, 2.3 times; motor vehicles, 2.2 times; chemical fertilizer, 2.7 times; and finished steel products, 1.4 times. The output of durable consumer goods such as televisions, tape recorders, household electrical appliances and cameras have either grown from nothing or increased up to several dozen times.

China is now the world's largest producer of cotton cloth, cement and raw coal. It is the third largest producer of sulphuric acid, fourth of steel and generated electricity, and fifth of crude oil.

In 1987, China's fixed industrial assets had a value of 915.8 billion yuan, 568 billion greater than in 1978. Since 1978, state-owned enterprises have generated 1,000 billion yuan in profits and taxes — 1.3 times that of the 1953-78 period.

—Advancing technology. Alongside industrial growth, China has made major advances in incorporating technologically developed methods and machinery. Since 1978, 230 billion yuan has been spent on retooling industrial enterprises, and 10,000 items of advanced equipment worth US\$15 billion have been put to work.

This has served to promote industrial and technological growth, and generate new products. China has designed and manufactured 23-cubic metre power shovels and 154-ton automatic dumpers. Its first 600,000 kw thermal generating unit has successfully been produced, and overall its thermal generating power equipment is now equal to that produced in the developed countries during the late 1970s and early 1980s.

The production of auxiliary equipment for nuclear power

stations has progressed rapidly, and China's first 500,000 volt power grid has operated successfully for four years.

Through co-operation with foreign countries, hot and cold continuous steel-rolling mills and continuous casters for the second phase of the Shanghai Baoshan Iron and Steel Co.'s construction programme are of advanced world standard.

The successful production of a collider set in Beijing, the application of optical fibre telecommunications technology and the positioning and recovery of satellites reveal that China can develop first-rate high-technology. Not only have new industries thus emerged in China, but they have succeeded in greatly expanding the country's industrial range.

—Export drive. Since 1978, China has exported US\$145.5 billion of industrial products — 83 percent of total exports. This figure is 5.5 times greater than the total exported in the 1953-78 period.

The kind of goods exported has also changed. In recent years, the proportion of heavy industrial products has risen. In 1987, they accounted for 33.6 percent of total export volume, and had increased by 33.2 percent on the previous year.

In the first five months of 1988, export volume rose 41.03 percent compared with the same period of 1987.

—Changes in the industrial workforce. A survey of 8,285 large and medium-sized enterprises revealed that 94.9 percent of cadres were young or middle-aged, 51.9 percent had a university or college education, 16.5 percent had studied at a secondary vocational school, and 10.1 percent at a senior middle school. Overall, 54.4 percent of the cadres had technical qualifications, of which 38 percent were high or medium grade.

Of the 22.05 million workers and staff surveyed, 1.113 million were scientists and technicians (5.1 percent), young workers made up 65 percent of the workforce, and middle-aged workers 34.1 percent. Those with junior and senior middle school education amounted to 67 percent.

The reforms of last ten years have succeeded in motivating the industrial workforce and kept productivity growing. In 1987, average productivity in state-owned companies reached 16,171 yuan—7.9 percent up on 1986 (the highest growth rate in recent

years) and 49.8 percent up on 1978.

With rising productivity and the ensuing economic growth and accumulation of industry, the living standards of the Chinese people have both risen and been enriched. Simply by entering a Chinese department store it can be seen that the decades when consumer goods were either lacking or of a monotonous sameness have passed. Now, well-designed high-quality consumer durables have entered ordinary households.

There is no denying that some

problems still face China's industrial and economic development. For instance, the planned commodity economy has to be further refined and expanded, markets have to be established for the means of production, the relation between wages and prices has to be balanced, and there are still bottlenecks in energy, transport, and raw and semi-finished material production. But if these problems are still to be overcome, at least China can draw strength from the economic and industrial achievements of the last decade. ■



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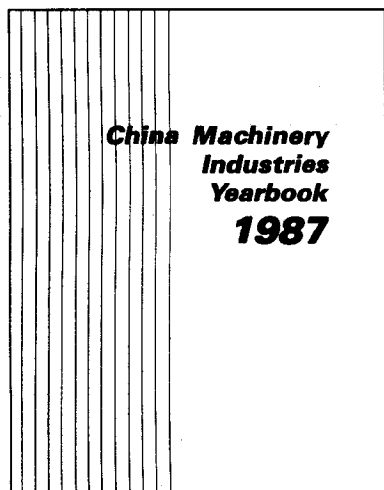
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Characteristics of Private Enterprises

"JINGJIXUE ZHOUBAO"

(Economic Weekly)

High efficiency. More and more private enterprise bosses have turned their attention to the utilization of surplus employee labour hours. High efficiency, a steady work rhythm and a full load have become major features of labour productivity in private enterprises.

Better returns. In terms of production and management, the private sector lays more emphasis on economic returns from investment and uses it as the yardstick for enterprise production and management.

Hard work and thrift. In private enterprises both the bosses and employees are hard-working and thrifty to a level no state-run enterprise can compare with.

Good service. Compared with the state-owned sector, the private sector has a far better approach to serving its customers. Many private enterprises have adopted the principle of "customers first" to attract business.

Manual labour. At present, most of China's private enterprises still rely heavily on manual operations.

Moderate exploitation. The relation between employers and employees in private enterprises is based on a hire system. Employers use surplus labour value created by their employees for developing production and their own consumption.

Profit-making first. The private sector lays stress on the laws of value and market demand. It is concerned mainly with making profits.

Taking risks. Compared with leaders in other sectors of the economy, managers in private enterprises shoulder greater risks.

Pioneering spirit. With changing market demand, private enterprises can boldly implement new plans and blaze new trails.

Complementary to the public sector. The private sector of the

economy caters to improving people's lives, provides funds for state finance, and stimulates the development of the state economy. In addition, the existence of the private economy helps improve the production and management styles of state and collectively owned sectors of the economy.

(July 3, 1988)

More Facilities for the Elderly

"ZHONGGUO LAONIAN"

(China's Elderly)

Under the leadership of the Party Central Committee and the State Council, many new facilities for the elderly in China have been opened up in recent years to create better conditions for the older members of the population.

Organizational networks. Since the founding of the China National Committee for the Elderly in March 1982, organizations for the elderly have formed a network across China. To date, these committees have been established in 27 provinces, municipalities and autonomous regions, and in 92 percent of China's prefectures and cities, and 63 percent of China's counties. They have also been set up in some urban neighbourhoods, enterprises, institutions and scientific research institutions. Many towns and villages in rural areas have also established their own associations for the elderly. All these organizations have played a part in safeguarding old people's legitimate rights and interests.

Old folks' homes and social welfare facilities. To guarantee that elderly widowers and widows spend their remaining years in happiness, old folks' homes and other social welfare facilities have been established in every part of China.

According to statistics from 27 provinces, municipalities and autonomous regions, China now has about 37,000 old folks' homes and social welfare institutions taking in more than 440,000 elderly widowers and widows.

In many urban residential districts and rural villages household groups have also been formed to help those old people living at home to care of themselves. In Jilin Province for example, there are 576 service centres for childless and infirm elderly citizens, with 2,550 village-level service stations under them manned by 709 full-time personnel. Moreover, more than 6,700 household groups have been established to take care of more than 50,000 childless old people.

Hospitals for the old. Not long ago, a sample survey of old people was conducted in Shanghai, the results of which indicated that most old people would like state departments to run medical and health care undertakings for the elderly.

According to recent statistics from 21 provinces, municipalities and autonomous regions, 86 hospitals with about 7,000 beds have been established and more than 3,000 clinics opened. In addition, about 280,000 elderly citizens who have trouble getting about are cared for in their own homes by visiting doctors and nurses.

Universities for the aged.

More and more retired officials are seeking new knowledge to keep up with the changing times. Since the founding of China's first university for the elderly by the Shangdong Provincial Red Cross in September 1983, education for the elderly has rapidly developed. Up to the end of 1987, China had established 221 such universities taking about 70,000 students. In addition, 188 schools for the elderly have been set up and more than 40,000 old people have completed their studies in these schools.

Recreation centres. Once their material needs are satisfied, the elderly have a strong desire to meet their spiritual needs and more and more facilities have been set up in recent years to provide activities for the aged to satisfy these needs. According to statistics from 24 provinces, municipalities and autonomous regions, more than 51,000 such places have been established to provide the aged with social contacts, and recreational and sporting activities.

(No. 5, 1988)

How Much Time for Work in Eight Hours

"BEIJING QINGNIAN BAO"

(Beijing Youth News)

China's factories and companies are still adopting the eight-hour day. A recent survey of some Beijing factories and companies provided the following insight into factory operations.

Beijing Small Motors Plant.

Work hours are from 9 am to 5 pm, but late starts and early finishing hours are common. Take June 20 for example. Ninety-four people arrived for work after the

bell sounded at 9:00, many of them live in a residential quarter less than 100 metres from the plant. At 9:45, groups of workers could be found sitting in the doorways of each workshop chatting. The lunch hour begins at 12:00, but workers in all workshops stopped work at 11:00. In the afternoon, workers and staff produced even less work and began to leave for home at 15:30.

Of the 1,100 employees in this state-run enterprise, only 454 are productive workers and apprentices. The rest are managerial personnel and staff members in non-productive jobs. Initiative among productive workers is not high owing to the egalitarian pay system.

Beijing Switch Factory. Work hours begin at 8:15 am. But at about 9:00 on June 20 in the No. 6 workshop, chatting and animated laughing could be heard as more than 10 girls passed colour photos round; four workers in the assembly group were bent over their desks, sleeping. In the doorway of the testing hall, two young workers were playing *weiqi* (*go*) with screws and nuts.

Beijing No. 3 Radio Elements Plant. Work hours should start at 8:20 am. But at 9:00 on June 26, less than 350 of the more than 800 employees had arrived for work. In the No. 1 workshop which has 17 advanced production lines, only about 20 people were working on five of them.

The plant's major production lines were imported from Japan several years ago, so the plant must also import components and raw materials from Japan. It has been operating below capacity ever since their installation owing to a shortage of foreign exchange. Some workers are now receiving 60 percent of their monthly wages to stay at home.

Conditions in non-government enterprises and joint ventures

differ greatly.

On June 21 the temperature in Beijing was very high. At 2:00 pm, the employees of three non-government scientific and technological companies on Zhongguancun's electronic street were very busy at work. One girl with the Kehai Company, for instance, wiped the sweat away as she kept busily typing to fulfil her daily quota of 12,000 words.

On June 24 in the Beijing Jeep Co. Ltd., a Sino-American joint venture, work hours were due to start in two minutes. A woman worker clocked in and then hurriedly set out for the workshop. She was the last one to clock in. In the chassis workshop, workers were busily doing their work and not one left his or her post one minute before time.

Each section of the workshop has perfected a set of necessary regulations and is strict and fair in meting out rewards and penalties. About 40 percent of the best workers are given an increase in wages every six months in addition to considerable financial rewards each month.

The chassis workshop originally had about 700 members producing an annual output of 20,000 front and rear axles. After US cooperation was introduced, the number of employees was reduced to 480 and production ran up to 40,000.

(July 12, 1988)



World Bank Loans to China Increase

China borrowed US\$1.69 billion from the World Bank in the fiscal year to June 30, 1988, making it one of the world's largest borrowers, according to the bank's newly published annual report.

China resumed full legal membership of the World Bank on May 1, 1980. Since then, cooperation has constantly developed, with China's borrowings increasing annually (see Table I).

Table I: Loans to China by the World Bank

	Unit: US\$ billion
1982	0.26
1983	0.61
1984	1.04
1985	1.10
1986	1.14
1987	1.42
1988	1.69
Total	7.26

Of the total, US\$4.447 billion are hard loans, due to be repaid over 20 years with five years of grace, and US\$ 2.822 billion are soft loans to be repaid over 50 years with 10 years of grace.

By the end of last June, China had made use of US\$2.6 billion of

the loans. The money has been put into energy development, transport, culture, education, health, industrial and agricultural projects (see Table II).

Of the projects benefiting from the World Bank's loans, a university has been finished and three container ports at Shanghai, Tianjin and Huangpu, and a scheme for transforming saline alkali land on the North China Plain have all seen better economic results.

According to an official from the External Finance Department of the Ministry of Finance, to improve its debt structure China plans to replace short-term international commercial loans with more long-term ones at low or zero interest rates from the World Bank.

At present, the ratio of soft to hard loans is 4:6. It is planned to change it to 3:7 as China increases its hard loans.

The World Bank has promised to lend China another US\$12 billion between 1988 and 1992. By then, it will become China's largest creditor.

by LI Ping

Telephone Network Looks to the Future

The Ministry of Post and Telecommunications plans to continue importing advanced electronic equipment to modernize China's telephone network.

Around 80 percent of its money will be spent on buying programme controlled telephone exchanges, the rest will go on pulse coding equipment and production lines for optical fibre and cable.

As far as the standard of equipment goes, there is little difference between China's telephone system and those of the developed countries—in some cases, the proportion of programme controlled calls is higher.

China's problem, however, is its overall lack of telephones. There are only 0.75 telephone per 100 people (one-sixteenth of the world average, one-quarter of the Asian average, and half of the African average).

In Beijing, for example, although 20-30,000 new telephones are installed annually, there are still 70,000 households on the waiting list.

Although China has already imported programme controlled exchanges, demand still far outstrips supply. One of the major reasons for this is a shortage of funds. So in the past few years, China has taken out governmental loans from France, Spain, Sweden, the Federal Republic of Germany, Canada and Japan to improve its postal and telecommunications network.

During the recent visit of Japanese Prime Minister Noboru Takeshita to Beijing, a third series of Japanese loans were agreed on. Of all the projects to be undertaken with the loans, four are in telecommunications.

According to an official from the Ministry of Post and Telecommunications, China has

Table II: Projected Use of Loans

Unit: US\$ billion

Item	Loans		
	Amount	Percent	
Energy	13	1.578	21.7
Transport	12	1.721	23.7
Industry	6	0.504	6.9
Agriculture, forestry and water conservancy	13	0.980	13.5
Culture, education and health	11	0.954	13.1
Environmental protection	2	0.225	3.1
Intermediate bank loans	7	0.956	13.2
Policy making	1	0.300	4.1
Others	3	0.051	0.7
Total	68	7.269	100

so far imported programme controlled exchanges capable of handling 2.7 million lines and long-distance call equipment that can handle 100,000 lines, as well as pulse coding equipment, optical fibre and cable and various other items of related equipment.

By the end of 1987, China's long-distance direct dialling network could handle 42,773 channels over its 21,624 km of cables — 23 times more than in 1978. The country's cities could handle 4.947 million calls.

China has imported machinery for manufacturing its own telecommunications equipment: Shanghai has a Belgian production line for programme controlled exchanges, Chongqing makes pulse coding equipment with Italian machinery, and Chengdu has an American production line for plastic electric cable.

by LI Rongxia

Mineral Industry Gets Trading Co.

The China National Non-Metallic Minerals Industry Corp. founded its Economic Relations and Trade Co. this September in Beijing.

The new company will be responsible for the corporation's imports and exports and international development. At the moment, the corporation includes 155 specialized non-metallic mineral companies, 65 percent of which produce goods for export.

With its vast land area, China has plentiful resources of many non-metallic minerals, including the world's largest reserves of flake graphite, fluorospar, gypsum, limestone, kaolin, talc, asbestos, bentonite, mirabilite, perlite and zeolite.

More than 40 varieties of non-

metallic minerals are presently being exploited, and annually US\$350 million worth are exported to Western Europe, North America, Japan and Southeast Asia.

China's exports of fluorospar, barite, and magnesite account for 50 percent of world trade in these materials. Its graphite and talc also account for 40 percent.

In recent years, the corporation has invested US\$190 million in constructing 23 processing projects to improve the quality and quantity of production.

It has also co-operated with companies from the United States, Canada, Britain, Spain, Singapore and Japan on 12 projects involving sepiolite, kaolin, sillimanite, wollastonite, asbestos, graphite and granite. So far, 32 joint ventures have been established.

The quality of China's non-metallic minerals has improved with the importation of advanced equipment and techniques. Chinese granite and marble has recently been incorporated in several high-quality overseas building projects.

From 1990-95, the corporation aims to concentrate on developing 12 export bases for graphite, talc, stone products and attapulgite minerals.

by LI Ping

Japan Buys Chinese Automobile Parts

With the appreciation of the yen and the growth in Japanese production costs, one of Japan's largest manufacturers of motor vehicle components has decided to buy spare parts from China.

The Kato C-Budy Industrial Co. Ltd. recently concluded an agreement with the China Xinyang Motor Vehicle Co. to buy 2-3 million yen's worth of tyre

chains and another nine motor vehicle components each month. If the quality proves satisfactory, then the amount should be expanded.

Kato also plans to replace aluminium rivets currently made in South Korea with Chinese ones that cost 20-30 percent less.

Other Japanese car manufacturers are currently examining the possibilities for importing components from China. Plans have been drawn up for car aerial production and transferring suspension manufacturing technology to China. Products made will then be exported to Japan and the United States.

News in Brief

■ Volkswagen recently signed an agreement with the China Changchun No. 1 Automobile Manufacturing Factory to supply manufacturing equipment and components for assembling deluxe limousines. Annual output is expected to reach 30,000 by 1992.

■ Spear brand scissors have become one of China's major export commodities. According to official figures, 42.62 million pairs were sold abroad in 82 countries and regions from 1983-87.

The Zhejiang Wenzhou Spear Brand Scissor Factory, which manufactures 100 products in over 30 categories, was granted powers to handle its own exports last August.

■ The Italian government has donated US\$200,000 to help the people of Fujian Province recover from recent flooding. The Italian ambassador, Alberto Solera, handed over the money to Sheng Jueren, vice-minister at the Ministry of Foreign Economic Relations and Trade, who expressed the heartfelt thanks of the Chinese government for the Italian aid. ■

Domingo Carries All Before Him

World-famous tenor Placido Domingo entranced thousands of Chinese in his recent tour of Guangzhou and Beijing.

Invited by China's Ministry of Culture, Domingo arrived with more than 100 musicians and singers from Spain's Antologia de la Zarzuela. He gave two performances in the Great Hall of the People in Beijing after an earlier get-together with Chinese musicians and journalists at the Beijing Concert Hall.

When he appeared on stage, he enraptured his audience as his voice transcended language barriers. His repertoire at his Beijing debut included such classic pieces as *El Sembrador* from *La Rose de Azafran*, *Adios Granada...* from *Emigrantes*, and *Jota* from *La Dolores*. He proved to his audience just how perfect operatic singing could be.

China's radio stations made several broadcasts of Domingo's performances and praised him as "having unbelievable musical talent, an unparalleled voice and a warm, velvet singing quality."

Renmin Ribao (People's Daily) commented that Domingo's performance "had a unique and shocking charm. With every new song, he provided the audience with a new character and a new personality that brought forth a new excitement and further aroused the expectations of the audience. From Domingo's performance, the audience would feel overflowing human love and understanding."

But Domingo left China with more than his incomparable voice. His kind and modest personality will long be remembered. At the get-together with Chinese musicians, Domingo spent half the night listening to young Chinese singers, giving comments and

instructions. He said he was much impressed by their performances.

Domingo treasured his China visit. He said he had long wanted to perform in China because of his interest in and love of ancient Chinese civilization. He added that he had received a warmer welcome in China than anywhere else, even Latin America.

In an interview with CCTV, he said he was greatly moved by Chinese audiences: "I love this beautiful land, I love its magnificent ancient culture and friendly people. I hope that I can return to China someday."

by Wang Jian

Painter Exhibited in Beijing, Taipei

The works of one of China's most accomplished contemporary traditional painters are being featured in two simultaneous exhibitions, one at Beijing's China Art Gallery and the other at Taipei's Xiongshi Hualang (Lion

Painting Salon).

The two shows of works by Jia Youfu mark the first simultaneous exhibitions to be held on both sides of the strait in nearly 40 years.

Jia's landscapes, inspired by scenes in the Taihang Mountains in north China, have been described by James Cahil, a specialist in Chinese art at the University of California, as representing one of the most original and satisfying directions being taken by traditional-style painting today.

Despite their strong roots in tradition, which sometimes recall the monumental landscapes of the Northern Song Dynasty (960-1127) and at other times are evocative of the small-scale scenes typical of the masters of the Southern Song Dynasty (1127-1279), Jia's works are entirely of today. The mountains and the lives for which they are a backdrop have given him deep insights into both natural phenomena and human existence. For example, his evening scenes of returning woodgatherers and his renderings of oxherds and their oxen strike a note of nostalgia seldom seen in

Homesick.



Chinese paintings since the Southern Song. This sensibility, coupled with his extraordinary technical mastery, makes Jia an artist most deserving of attention.



Mother Moon and her children.

Jia graduated in 1963 from the Central Academy of Fine Arts in Beijing, where he majored in landscape painting. He spent the next 20 years making no fewer than 19 trips to the Taihang Mountains, where he developed his unique style.

His work can be divided into three stages. During his early trips, he was attracted to the scenery and the lives of the region's inhabitants, so works of this period depict an idyllic blending of work, life, and the natural environment. After several more trips, his grasp of the special characteristics of the mountains and their people deepened, and he began producing monumental works. This orientation continued during his third period, during which he has tried to express humanity's loftiest ideals.

Xionqshi Meishu (Lion Fine Arts), a magazine in Taiwan, said of his work, "As a middle-aged mainland painter, Jia Youfu's

spirit and his assiduous ink-and-wash creations embody vast expanses of land and sky which have a striking effect on viewers." Nowadays, when the future of ink-and-wash painting is a matter of great concern in art circles, the magazine has been the first to publish Jia's own contribution to the debate.

Jia is a member of the Chinese Artists' Association and is an associate professor at the Central Academy of Fine Arts. A monograph on his works entitled *Jia Youfu Huaji (Collected Works of Jia Youfu)* has been issued by four publishers in China and abroad. His works have been displayed in the Soviet Union, the United States, Japan, Canada, Singapore, India, Malaysia, and South Korea, and collected by experts in China and overseas.

by Wel Liming

Statues Unearthed In Xinjiang

More than 200 stone statues from the Sui and Tang dynasties (581-907) have been discovered in the pastoral areas of Tianshan and Altay mountains in China's far northwest.

Experts agree these statues were carved by the nomadic Turk people, who, according to historical records, erected statues and placed stones representing the number of people killed around the graves of their dead.

The discovery of such a large number of figures and graves has given convincing proof to the accuracy of Chinese historical records.

Most of the statues clearly depict Mongolians, with broad, round faces, narrow eyes, low eyebrows, flat noses and little facial hair. A few, however, with long, flat faces, large eyes, high

eyebrows, a large nose and heavy beards, are evidently non-Mongolians.

Some of the figures are dressed in robes, with riding boots and a broad belt around their waists.

The stone statues uncovered before the Alkat Grave on the Alkat Grassland in Wenquan County are 2.88 metres high. Many stones surround the grave, in which human ashes was discovered, indicating the noble status of the dead.

These recent discoveries have helped to fill gaps in historical records on the physical appearance and dress of Xinjiang's nomadic tribes. Regarded as particularly significant are various characters carved on the lower body of some of the statues. ■

Where the White Animals Roam

More than 20 species of white animals have been spotted in Shennongjia Forest in central China's Hubei Province.

The animals include monkeys, bears, wolves, snakes, squirrels, crows, turtles and spiders and so the area has become known as the home of the world's white animals.

During the 1950s, several white bears caught in the forest were put on display in Zhongshan Park in Wuhan, capital of Hubei.

In 1977, a team was organized by the Chinese Academy of Sciences to clarify reports of "wild men" in the area. Instead of catching "wild men," they returned with various species of white animals.

Initially no one was aware of the scientific importance of these creatures. Now, however, Chinese scientists believe they are descendants of ancient species, and that their whiteness has been caused by either inbreeding of albinos or

environmental influences.

Species of white animals exist across the world: polar bears in the Arctic, tigers in India, monkeys in Taiwan, Guangxi Zhuang Autonomous Region and Yunnan Province. Most of these animals, however, are extremely rare, whereas experts who have visited Shennongjia Forest have been surprised at both the range of species and the size of their populations. ■

Theatre to Restage Good Old Plays

The Beijing People's Art Theatre, China's modern first-class theatre, plans to restage some of the best plays it has presented since its founding 38 years ago. The theatre will choose some 30 plays from its repertoire of 180, and also present a new play, *Top Restaurant*.

In the past, plays were run until audiences tired of them, and then a new play would start its season. The restaging of previously successful plays will, in fact, be very worthwhile for the theatre, and for its cast, which should always be prepared to perform any one of them. This is not a new idea, but now the People's Art Theatre plans to make it part of its regular system, not only to enrich its programme, but also to develop

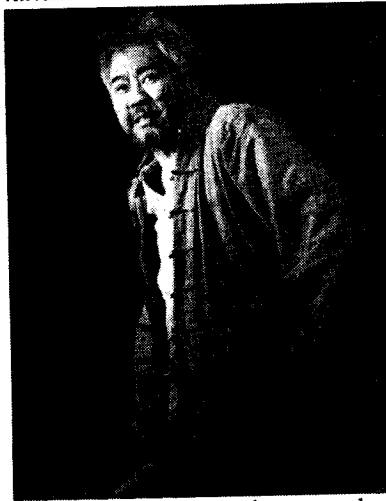
A scene from "A Child Prodigy Given by God."
XIA XIAOXI



the dramatic arts. More important, the move will benefit the theatre's actors and actresses, raising their performing level through plenty of practice.

Among the Chinese plays being resurrected are *Xiaojin Lane* and *Gouerye's Nirvana*; the foreign dramas include *The Gin Game*, *A Child Prodigy Given by God* on the death of W.A. Mozart, and Moliere's *The Miser*. The first two dramas separately depict China's urban and rural life in the last few decades. *The Gin Game* is a famous American drama acted out by only two characters; it describes the life of an old couple and the way they cope psychologically with modern society.

Lead actor in the drama "Gouerye's Nirvana."
XIA XIAOXI



Two of China's best modern plays *Thunderstorm* by Cao Yu, a former director of the theatre, and *Teahouse* by Lao She will be staged next year. In 1954, the theatre presented more than 300 performances of *Thunderstorm*, but since then, it has never been restaged. Its presentation of *Teahouse* was highly acclaimed by Beijing audiences, prompting the theatre to take the play to Federal Germany, North America and Singapore, where it also received good reviews.

This September the theatre will invite an American director to help with rehearsals of *The Caine*

Mutiny based on the popular American novel by Herman Wouk.

The restaging of good old plays in rotation is only one of the theatre's major reform measures. It will start with the plays that can be easily prepared and those that have been put on in recent years. In some cases the original actors and actresses will perform once again; other plays will feature new performers, with new performing styles.

Other reform measures adopted by the theatre include:

- A responsibility system headed by the theatre director. The director has under him a general art supervisor and a general manager, who handle artistic practices and theatre administration respectively.

- A contract system was implemented for all employees, including guest directors, actors and actresses, and stage artists.

- The wages and bonus system is based on performances, degree of difficulty and contribution. Special rewards are given for the best scripts, directors, stage designers and managerial personnel. Titles of honour are also conferred on those who have made special achievements or outstanding contributions towards the development of the theatre.

- Convenient ticket sales and telephone reservation service are to be provided for the audiences.
- Tertiary industries which may increase theatre revenue are to be developed.

These reform measures are aimed at breaking with the old system of management, under which everybody "ate from the same pot." Under that system, there was no competition between actors and actresses. Everything was shared out equally.

The current reforms will provide the impetus for the further liberation of artistic production and the rise of performing skills. ■



Pile Driver

by Zhang yanbo



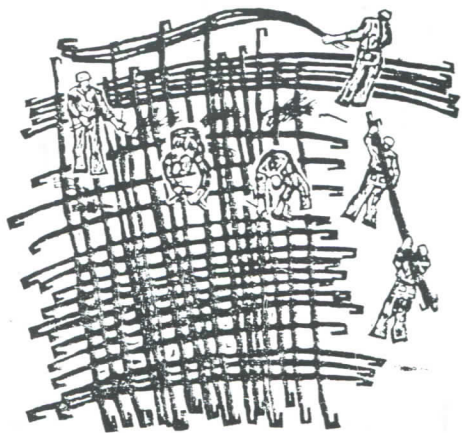
Superb Cutting.

by Chen Guoqiang

Woodcuts by Workers

These woodcuts are carved by construction workers. Their woodcuts express their deep involvement in their career and their optimism in life.

ART PAGE



Binding Steel Girders.

by Tan Jiao (woman)



Considering Ways to Deal With a Knotty Problem.

by Chen Pei



Noon-Time Rest.

by Long Zhiqian



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