

A CHINESE WEEKLY OF NEWS AND VIEWS

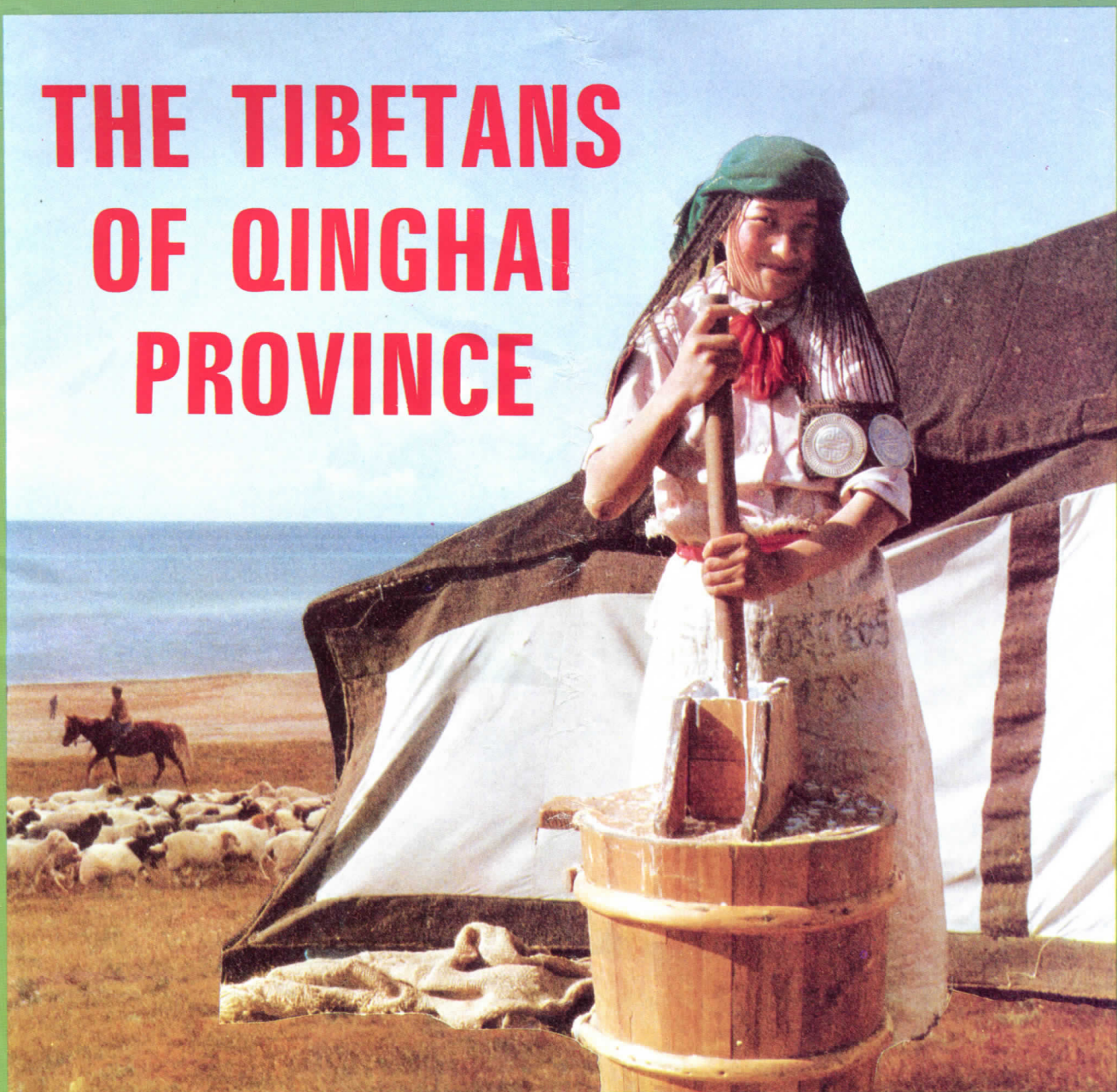
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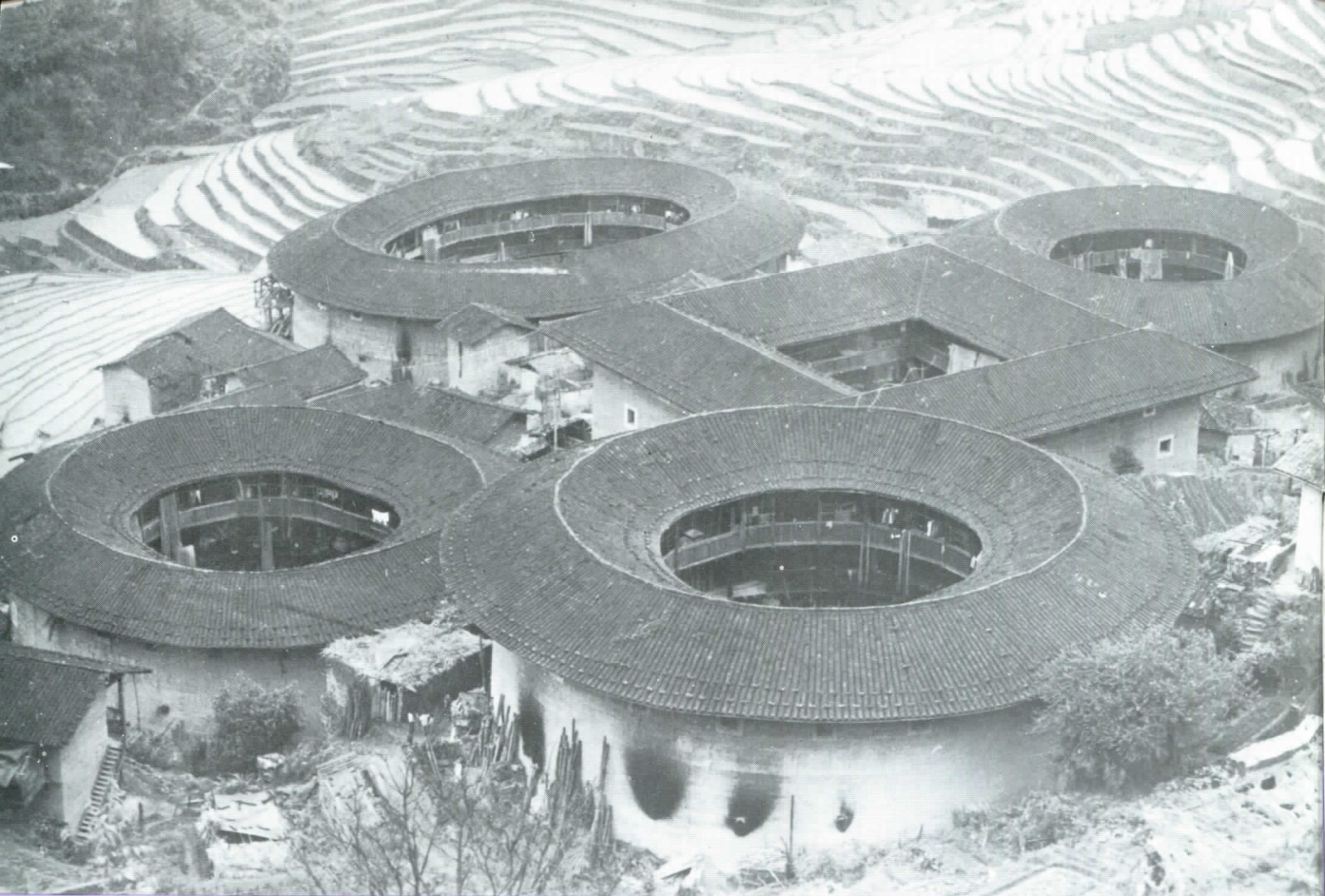
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Contradictions Sharpen Between North and South

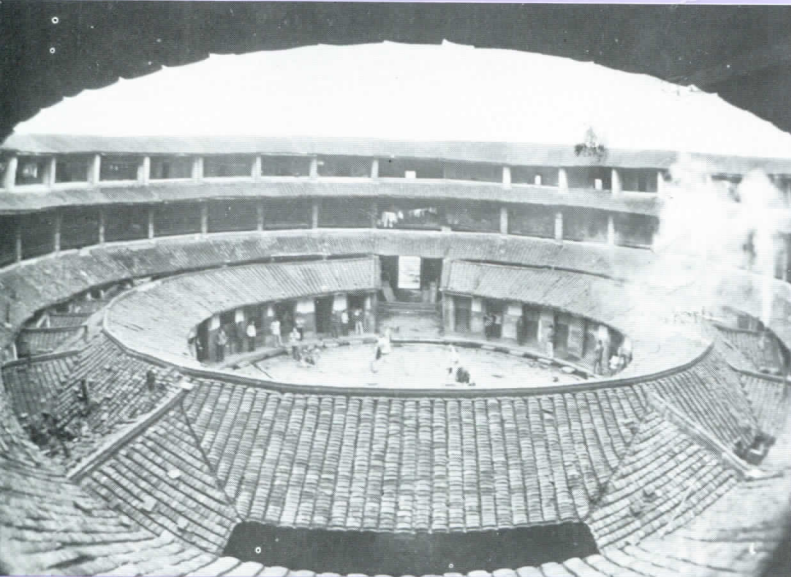
THE TIBETANS OF QINGHAI PROVINCE





The residential quarters in the mountainous areas of Nanjing County, Fujian Province have several unique characteristics. The earth-wooden buildings are usually around 12-13 metres high and cover an area of 1,000 square metres. Their walls are thick to keep out both the damp and cold, making them warm in winter and cool in summer.

Unique Mountain Homes



This 200-year-old building was constructed during the reign of Emperor Qianlong in the Qing Dynasty (1644-1911).

Each room of buildings is in the same pattern. One building can accommodate 20 families — or about 100 people. All the residents, old and young, live in harmony as one big family.

Photos by Li Kaiyuan



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COVER: A Tibetan woman on the shore of Qinghai Lake. **Chen Zonglie**

HIGHLIGHTS OF THE WEEK

Enterprise Reform Sees 'Third Wave'

■ Since China began to reform 10 years ago, it has experienced two waves — delegating power to enterprises and practising the system of contracted responsibility. The current practice of merging enterprises is called the "third wave." It is reported that more than 1,500 enterprises have been merged so far (p. 5).

Tibetans in Qinghai Province

■ Qinghai Province has a Tibetan population of 810,000, scattered in its five Tibetan autonomous prefectures and one Tibetan-Mongolian autonomous prefecture. Like people of other minority ethnic groups around the country, Tibetans in the province have enjoyed preferential financial and political treatment from the central government (p.14).

The 'Red Sorghum' Phenomenon

■ Since its first screening, the Xian Film Studio's production *Red Sorghum* has evoked heated debate across China. It has been praised as a masterly artistic achievement, and strongly castigated for having ideological problems. Despite the controversy, however, no official comment has been passed upon the film, giving rise to a situation known as "the *Red Sorghum* phenomenon." It is claimed this marks the opening of a new era of prosperity for China's arts (p. 4).

North-South Conflicts Tend to Intensify

■ Since entering the 1980s, the world has seen some easing in East-West relations but an intensification of North-South contradictions. This situation, if allowed to drift along, will surely seriously affect the world economy, especially the economic stability and growth of the developing countries. The developed world shoulders a special responsibility for checking the dangerous trend (p. 18).

Reshuffle Strengthens Gorbachev's Reforms

■ In a major effort to press ahead with his ambitious reform programme, Mikhail Gorbachev reorganized top Soviet leadership and consolidated his position (p. 10).

The 'Red Sorghum' Phenomenon

Although the Gold Bear winning film "Red Sorghum" has been widely praised outside China, domestically it has provoked increasing controversy. Initially this centred on the film's content, with views polarizing for and against. But more recently, the manner in which the debate has continued has had greater impact than the film itself, giving rise to "the Red Sorghum phenomenon."

by LI LI

The Xian Film Studio's production *Red Sorghum* has received widespread international acclaim. At the West Berlin International Film Festival, it was awarded the Gold Bear prize. But in China, the film has evoked mixed feelings.

On the one hand, the media has praised it for its rich national colour, dynamic structure and distinctive characterization. On the other, it has been severely attacked for having ideological problems and lacking artistic content. It is reported that when *Red Sorghum* was screened in a school for senior cadres, 70 percent of the audience disagreed with the content of the film. Many questioned why the cultural authorities had allowed the film to be produced.

On various other political platforms and in newspapers across the country its merits and weaknesses have been discussed and argued. Such a debate has been unseen for many years. But most significantly, there has been no official comment, interference or guidance on which view should hold sway. Artistic circles have dubbed this situation "the *Red Sorghum* phenomenon."

The emergence of this phenom-

enon reflects the gradual formation of a lively democratic atmosphere in Chinese artistic, ideological and social circles under the environment created by China's reform programme and open policy.

After 1957, and especially during the chaotic decade of the "cultural revolution," it was common that one view would overwhelm all others. This practice of "uniform opinion" led to a long-standing monotonous and depressed state in literary and ideological circles, which the discussion of *Red Sorghum* finally ended. In the last few months, people holding differing views have felt free to speak their minds with no misgivings or fears of political repercussions.

An atmosphere of democracy and equality has emerged, rarely witnessed since the founding of the People's Republic. Indeed, an authoritative literary personage has commented that the emergence of the *Red Sorghum* phenomenon marks the opening of a new era of prosperity for Chinese literature and art.

The fact that China's authorities have signalled their desire to avoid involvement in the debate indicates both the CPC and the

government are making efforts to improve outmoded methods of leadership in ideological areas. Previous contention on right and wrong in literary circles has invariably ended with arbitrary official rulings. Moreover, these were often raised to the plane of struggles between two political lines, and frequently had disastrous effects.

History has proved this high-handed practice unsuccessful. And although in the midst of the heated debate over *Red Sorghum* some people expressed the hope that the "top leaders" or "authoritative newspapers and magazines" would declare which side they favoured, the Party and government have consistently replied that it was not their task to interfere. Through comment and discussion people should reach their own conclusions.

History has also proved that in debates on art and theoretical or academic questions, allowing free discussion and the airing of different views has helped clear distinctions to be drawn between right and wrong. It is only in this way that new ideas and forms of art can emerge.

'Third Wave' — Enterprise Mergers

Chinese economists recently called the policy of enterprise mergers the "third wave" in China's current industrial reform.

The "first wave" refers to the reform of delegating power to enterprises. The "second wave" indicates the system of contracted responsibility. Both waves appeared in succession in the past 10 years.

"The merger of enterprises had long been considered a phenomenon seen solely in a capitalist society," said an article in the *Economic Daily*, a Beijing-based national newspaper, "but now it is playing a marked role in China's economy."

More than 1,500 enterprises have been merged so far, and the provinces of Henan, Guangdong, Jiangsu, Hebei and Sichuan have had about 100 enterprises each taken over by others.

An incomplete survey of eight cities and seven provinces showed that by March of this year, 340 small- and medium-sized factories had been absorbed into 188 enterprises. Industrial enterprises accounted for the lion's share—93 percent.

In Baoding, a medium-sized city in Hebei Province, 13 factories took over 14 enterprises that were in debt and have since tripled profits, Yuan Zhantao, an official of the city government, said.

Some of the merged enterprises have turned to other lines, thereby improving the city's product mixture and saving the city several million yuan in subsidies.

Economists believe that the laws of capital accumulation play a decisive role in a commodity economy, leading to competition, mergers and the "survival of the fittest."

The new concept that "enterpr-

ises are also commodities" indicates a break from the theoretical base that China's socialist economists have long pursued in guiding the country's economic growth.

Many economists say that mergers will give a great impetus to the deepening of the current economic reform and to the smooth operation of the country's economic mechanism.

The biggest benefit from the mergers has been better organization of enterprise property, an official of the State Commission for Restructuring the Economy said.

China's state-owned enterprises have fixed assets of 600 billion yuan, of which one-third fail to achieve desired returns. More than 6,700 industrial enterprises lost a total of 4.7 billion yuan in 1986. By the end of July this year, 6,364 state-owned enterprises, 17 percent of the total, had suffered economic losses of 3.63 billion yuan, and thus become ripe for mergers.

On the other hand, of the 557 merged enterprises, 405 have already begun making money.

Merger is "the inevitable consequence of the development of the commodity economy," said Wu Deqing, an associate professor of economy at the Chinese People's University in Beijing.

Merger also brings benefits to workers. When the Baoding Napkin Paper Plant was taken over by a paperboard factory, Zhang Baoping, a 25-year-old female worker was delighted because it meant her income would double. "We take part in the management of factories and enjoy the same pay and welfare as other workers," she said.

A fixed assets auction market

for industrial and commercial enterprises has opened in Fuzhou, capital of Fujian Province in southeastern China. Now Baoding, Wuhan, Chengdu, Tainjin and other cities are planning similar markets. ■

Delegates Urge to Eradicate Illiteracy

The United Nations Educational, Scientific and Cultural Organization (UNESCO) held its Ninth Regional Conference of National Commissions in Asia and the Pacific recently in Beijing. The September 22-27 conference called on member countries to prepare for the forthcoming International Literacy Year.

At its 42nd session in December 1987, the UN General Assembly designated 1990 as the International Literacy Year and invited UNESCO to assume the leading role in preparing for its observance. Regional programmes and activities are to encourage universal primary education and the eradication of illiteracy.

Delegates from 27 countries in the region, including China, Japan and the Soviet Union, attended the conference. Zhou Gucheng, vice-chairman of China's NPC Standing Committee, and Li Tieying, state councillor and minister in charge of the State Education Commission, were present at the opening ceremony.

In his address, Li said that economic and social development in Asia and the Pacific region is unbalanced. Many countries, including China, are currently undergoing reform and facing development in these areas.

"We feel that the key to national prosperity and social progress lies in the development of education, science and technology. Therefore, cultural development must be given first priority," he said. The Chinese government and

people are ready to exert all efforts in promoting exchanges and co-operation among the countries of the region.

Li highly rated UNESCO's efforts during the past two decades in promoting co-operation among its member states, especially the developing countries. In recent years, through the joint efforts of the director-general and member states, UNESCO has committed itself to reform of the organization. Some initial results have already materialized, he added.

"I'm convinced that the current reform is bound to bring new life into the organization, so that it will make even greater contributions to both civilization and the progress of humanity," Li said.

At the recent conference the Indian delegation pointed out the educational challenges of the Asia and Pacific region. It was noted that this area encompasses some of the world's most populous and illiterate countries. The region also has the highest number of non-enrolled children in the primary school age-group.

Therefore, the national commissions in the region should take an active part in the programme for the universalization of primary education, which was launched last year, the delegation said. Also the commissions should strive for the total eradication of illiteracy in Asia and the Pacific by the year 2000. The delegation expressed hope that UNESCO member states will promote exchanges of information, experience and expertise to fight regional illiteracy.

According to statistics presented by the conference, in 1985 there were an estimated 889 million adult illiterates in the world. This is more than a quarter of the total adult population. In Asia and the Pacific, the number of illiterates had increased from 537 million in 1970 to 618 million in 1985. About 100 million

primary school-age children were not enrolled in schools, and 33 million children had dropped out of a primary school before completing the fifth grade.

The Philippine delegation said that education is a major factor in development and a basic human need. The delegation requested UNESCO's director-general to whole-heartedly support and make available sufficient financial assistance to member states in making their educational efforts, especially in rural areas.

UNESCO's Director-General Federico Mayor visited China from September 23 to 27. Observers from UNESCO member states and other countries in and outside the region and representatives of concerned international organizations also attended the conference. ■

Auto Makers Urge Import Curb

China's auto makers are appealing to the government to curb the large-scale influx of imported cars, minibuses and trucks.

A spokesman from the China Automotive Industry Corp. said, "The whole society should watch this closely, and the government should take measures to tighten control." He noted that the country should no longer have to spend a large amount of foreign currency to import motor vehicles; otherwise, it will affect the modernization of the national automotive industry.

The State Council made a decision last year to tighten control on the import of cars, tourist coaches and buses. Buyers were encouraged to use China-made products so as to save foreign exchange disbursement, he said. But recently, some regions and departments, especially those which hold decision-making

powers over foreign currency usage, have asked for more imports of foreign products.

According to the corporation, tourist agencies alone want to import 1,700 cars, tourist coaches and buses this year and 7,500 in the coming three years.

There are over one million imported cars, jeeps, buses and trucks in the nation. Most of them were imported between 1983 and 1986. Many of them will be discarded or need repairing in the next year or the year after.

The city of Beijing needs about 2,000 cars and other automotive products for the 11th Asian Games in 1990 to accommodate more than 10,000 visitors. Although it is two years away, Japanese auto salesmen have already begun presenting cars as a gift to some customers in a bid to edge their way into the market.

The Chinese spokesman warned, "We will not let imported products affect China's automotive industry. The domestic market should rely on the national industry, and Chinese customers should help develop it."

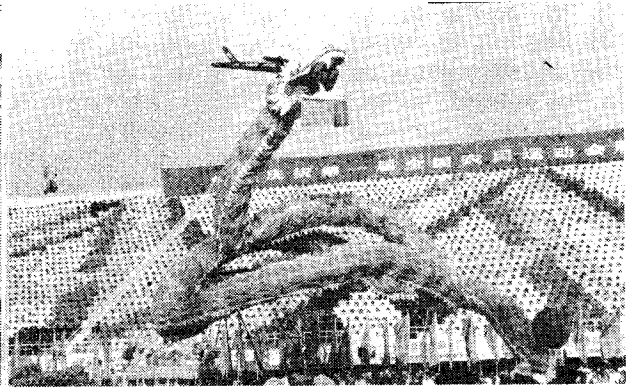
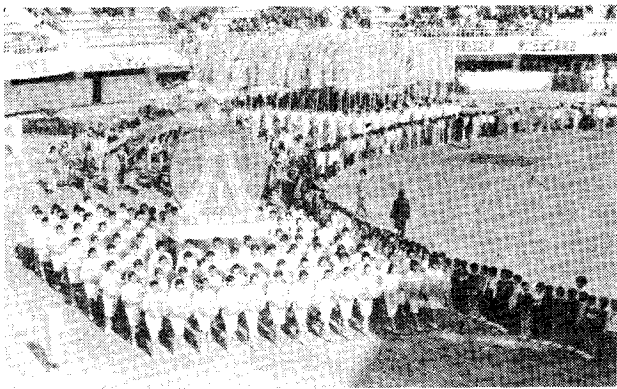
China has imported advanced technology for manufacturing motor vehicles and launched co-operative production with foreign firms, he added.

As a result, he said, both technology and product quality have been improved, some products are even being exported. "We have enough capacity and technology to provide various kinds of products," he declared and listed favorable developments as follows:

The Red Flag limousine, which was taken out of production several years ago, will roll off the production lines again soon with a new look;

The annual output of the Shanghai-Santana sedan will grow to 15,000 this year;

The Changchun No. 1 Automotive Factory will turn out 3,000



China's First National Farmers' Games opened in Beijing on October 9, 1988. 1,400 athletes competed in seven categories: track and field, basketball, soccer, table tennis, shooting, Chinese-style wrestling and 50-kilogram-load cycling. There also will be two demonstration events: *wushu* (Chinese martial arts) and Mongolian-style wrestling. The games end on October 16.

left: Athletes, representing over 800 million farmers, march into the arena.

right: Farmers from Shaanxi Province perform the "Dragon Dance."

Audi-100 cars next year; and Tianjin will manufacture 5,000 cars next year.

Meanwhile, Guangzhou is producing Peugeot cars, while Wuxi is manufacturing Sanos tourist buses.

According to the corporation, China is also speeding up construction of three car-producing bases in Shanghai, Changchun and Shiyuan City, Hubei Province. ■

Medical Workers Losing Status

A recent survey conducted by *Health News* among 300 medical workers in Beijing and Wuhan, the capital of Hubei Province, shows that 60 percent complained their social status is declining.

While another 60 percent of them still think medical work is a noble profession, 40 percent of them say that they have had no alternative but the medical profession.

"Medical work was always

respected before 1966, but now things are different and there are many problems in the medical field," said the director of a nursing department in a Beijing hospital. "The major one is low pay," he added.

Almost every doctor and nurse surveyed complained that they do not get adequate pay for their hard work.

However, the poll shows that few people are planning to leave their jobs or shift to other occupations. About 36 percent of those surveyed said that despite the low pay and poor working conditions in China's medical service, they still like their jobs.

"It would be a regrettable thing to abandon what we have learned at school. So I can't tear myself away from practice," said a middle-aged doctor.

"With social and economic development, I'm sure the state will certainly take measures in the future to improve our working and living conditions," he added.

Answering the question "What are you most concerned about now?", 24 percent of those

working in a big hospital in Beijing said it was income; 28 percent, their professional titles; and 16 percent, medical reform, with 8 percent miscellaneous and 24 percent no answer.

Many medical experts are not in favour of doctors offering services in their spare time. "That will surely distract their energy and affect their professional work," one doctor said.

The poll also shows that 60 percent agree that all heads of hospitals should be elected instead of appointed. ■

China's Exports Increase Sharply

China achieved a sharp increase of 14.8 percent in its exports, totalling 28.5 billion US dollars by September 20, a Chinese minister said.

Zheng Tuobin, minister of Foreign Economic Relations and Trade, said at a meeting that China is boosting its foreign trade by exporting commodities worth over 100 million US dollars a day.

At the same time, he continued, the structure of export commodities has been improved, with the proportion of industrial goods rising from 61.2 percent last year to 68.2 percent this year.

Zheng said China's electrical and mechanical products have found a good market in North America and Western Europe, while exports of light industrial products are also increasing. "There is a good prospect for further development since some of our technology for manufacturing electrical machines has entered the international market," he added.

According to the minister, China's imports have reached 23.9 billion US dollars at present, 24.6 percent more than the same period of last year. Zheng Tuobin said China has achieved a foreign trade surplus, with foreign currency reserves rising this year.

Speaking about the international market, he pointed out, "At present, monopoly and protectionism are growing stronger." He called on domestic producers to boost exports of light industrial products, garments, canned food, arts and crafts and household electrical appliances. Domestic enterprises should further improve product quality because "quality is the best weapon to deal with protectionism."

Zheng also called on producers to apply more advanced technology to the production of traditional export commodities.

As to foreign trade, Zheng put forward five measures to tackle the problems stemming from China's reform, in which effective control of businesses trading with foreign firms has been given to local authorities or businessmen.

He said the ministry will disband some inadequate companies or adjust the scope of their activities, and companies found to be engaged in illegal activities will be punished. The ministry will also

tighten control of imports. China will not import products that can be made at home, he said.

Other measures taken by the ministry include stricter management of export and import planning, export ratios, licences and customs, as well as the adoption of an agent system for exporters to encourage competition among firms, Zheng said. ■

Studies of the Only Child Published

Only children tend to be much brighter than children with brothers and sisters, new surveys show.

This is one of the results of research carried out in recent years. The studies, which began in 1981, cover the influence of the family structure on the characters of only children, methods used by parents to educate them and how only children are affected by what their parents and teachers expect of them.

Here are some of the findings:

Most only children are better developed physically than children with brothers and sisters. Surveys conducted so far show that in some areas 80 percent of the only children are taller and 90 percent heavier.

Generally speaking, only children are cleverer, as shown in an IQ test conducted on 73 children of the same age in a Nanjing kindergarten. Forty of them were only children and the other 33 all had brothers and sisters.

Many only children now reign as "kings" or "queens" of their families, as each of them is cared for by a host of adults besides their parents— aunts, uncles and grand-parents on both sides.

There are also cases in which only children become timid and dependent because their parents

impose strict demands on and set unrealistic goals for them.

The article called attention to families in which the parents educate their children in a "democratic manner"—mainly through persuasion with sufficient attention paid to the self-respect of the child.

In character development, children in families of this type show no difference from children with brothers and sisters. ■

Police Fight Crimes on Trains

Major criminal cases on Chinese railways have drastically increased this year, while those involving violence have dropped just as rapidly.

More than 3,000 such cases took place in the first three quarters of this year, 50 percent more than in the same period in 1987.

Theft of passengers' belongings and of freight has accounted for 80 percent of the cases. The remaining cases include smuggling, robbery, rape, murder, explosion and swindling. Individuals and the state have lost 15 million yuan in these cases, a senior police official said.

Over 80 percent of these cases have been cracked and 9 million yuan of the lost money recovered, said Yue Fangzhun, chief of the Public Security Bureau of the Ministry of Railways.

He attributed the rise in crime mainly to huge volume of passenger transportation. Many of the passengers are business people and purchasing agents carrying big sums of money packed in leather cases, handbags or even paper boxes. This has created an ideal environment for crimes.

The situation is especially serious in the developed provinces

and cities in south China such as Guangdong and Shanghai, Yue said.

People make huge purchases there and transport them back to the north for sale. Since most Chinese people have no access to bank checks or credit cards, these people carry cash on the trains.

Passenger cars are usually 30 percent over loaded. Sometimes the figure reaches 70 percent. Riding in such a crowded environment across a big country like China makes passengers restless or sleepy, leaving them vulnerable to the professional railway criminals.

Most of the criminals on the freight cars are farmers living along the railways. Others include jobless people and juveniles. Many of them attack the railways in well-organized groups.

They take advantage of the poor protection of the freight cars, which are often open or covered with only canvases.

"These railway thieves take whatever they can put their hands on, which ranges from household electric appliances to fruits, stationery and industrial metal materials," Yue said. "They take our railways as a huge multi-purpose department store."

Some criminals aim at the railway equipment. They cut communication cables, pull out track nails, and take tracks and sleepers from railway sidings. Some use the latter to build houses, but most of them simply sell the stolen materials to purchasing stations for used goods.

According to Yue, understaffing of railway police organizations and their poor equipment also contribute to the increase in crime.

"Before 1980, there were almost no cases involving a loss of 1,000 yuan or more. Now we have to deal with 200 such cases each month and our force has been enlarged by only a few thousand in the whole country," Yue said. ■

Weekly Chronicle

(October 3-9)

POLITICAL

October 4

■ Chinese Communist Party's General Secretary Zhao Ziyang meets Yasser Arafat, chairman of the executive committee of the Palestine Liberation Organization (PLO), who arrived in Beijing for a visit at the invitation of the Chinese government.

Zhao says that the struggle waged by the Palestinian people against Israel's armed occupation is of great significance for promoting an all-round and just solution to the Middle East problem.

October 5

■ Meeting with visiting Kenyan President Daniel Arap Moi, chairman Deng Xiaoping notes two basic questions in the world today: the East-West one and the North-South one. The former is a question of peace, while the latter is a question of development. He says international tension is easing, and that this is a general trend.

President Moi arrived yesterday in Beijing for a four-day state visit to China.

October 8

■ The Sixth National Congress of China Democratic League opens today in Beijing, *Renmin Ribao* (People's Daily) reports.

The meeting will review and sum up the work accomplished since the last congress was held and formulate the tasks for the next five years. It will revise the league's constitution, and a new central committee will be elected.

ECONOMIC

October 5

■ The state will build more than 35 irrigation works during the

next five years to speed up the construction of its commodity grain base in northwestern China's Gansu corridor area, a senior official of Gansu Province says.

According to a plan of the province, the area's grain output will reach at least 2,100,000 tons in 1992.

October 6

■ Chen Guangjian, director of the Office of the Committee on Clarifying Capital Construction Investment of the State Council, says that gross capital construction investment grew at an annual rate of 18.8 percent between 1986 and 1988, which exceeded the 16 percent growth in national income. The situation is expected to get worse.

He says the construction of many projects that are outside the state plan should be halted so as to curb inflation and cut social commodity supplies.

CULTURAL

October 5

■ The complete works of Zhu Ziqing (1898-1948) are being published in China, Xinhua reports.

Zhu was a famous writer, poet, educator and patriot known for his literary style and patriotic stand. The first three volumes are now available, and the last seven volumes will be published in four years.

October 9

■ The first national farmers' sports meeting opens at the Xiannongtan Stadium in Beijing with more than 1,000 athletes from various parts of China participating, *Renmin Ribao* reports.

President Yang Shangkun, Premier Li Peng and other top state leaders are present at the opening ceremony. ■

SOVIET UNION

Politburo 'Cleans House'

Recent changes in top Soviet leadership are seen by political analysts as a crucial move in implementing the reform programme initiated by Mikhail Gorbachev.

The biggest personnel change in top Soviet leadership in three years took place at a hastily arranged plenum of the Central Committee of the Communist Party of the Soviet Union (CPSU) and a special session of the Supreme Soviet, the country's parliament, held respectively on September 30 and October 1. The ageing Andrei Gromyko "decided to resign" and was relieved of his Politburo membership. The post of president of the Presidium of the Supreme Soviet, which he has held since 1985, was transferred to Mikhail Gorbachev, currently general secretary of the CPSU. Four other top leaders were also sacked from their posts, while five were promoted into the Politburo or Secretariat of the CPSU. Some government members were readjusted accordingly.

Vadim Medvedev, newly promoted Politburo member, stressed at a press conference that the personnel change was a major step aimed at implementing the policy of *perestroika* (restructuring) and realizing resolutions adopted by the Central Committee of the CPSU. It showed the Party's commitment to reforms and determination to carry out the resolutions, he said.

World opinion generally believes that this personnel change will help enhance the reform programme that is under way in the Soviet Union because strong reform proponents assumed key posts in the CPSU and government departments. However, they were surprised at the abruptness of the change. On September 28

when the decision to hold the special plenum to reorganize the top leadership was announced, Politburo member and Foreign Minister Eduard Shevardnadze was in New York attending the United Nations General Assembly, Alternate Member of the Politburo and Defence Minister Dmitri Yazov and Chief of Staff of the Soviet Armed Forces Sergei Akhromeyev were visiting India and Sweden respectively. They were summoned to return home hurriedly.

The seemingly abrupt reorganization is in fact a natural result of the debate around reforms that has been going on for quite a long time in the Soviet Union. According to the official TASS news agency, some people openly called for the resignation of Andrei Gromyko and Mikhail Solomentsev at the 19th National Conference of the CPSU held in late June, protesting that they actively carried out the stagnation policy of the Leonid Brezhnev era in the past.

After the conference, heated discussions over a series of issues, such as the evaluation of history, the speed and scale of reforms and foreign policy, continued both

within and outside the CPSU. On September 23 Gorbachev openly admitted that his country is entering the most difficult moment since the reform programme was introduced. He said the conservatives had formed an alliance with radicals and that the reforms need a new generation of leaders.

The new shake-up reduced the number of Politburo members from 13 to 12 and the average age from 66.5 to 62.3. Of the Brezhnev-era Politburo members, only Gorbachev and Vladimir Shcherbitsky remained. The 18 other Politburo and Secretariat members were elected after Brezhnev died.

Igor Ligachev, second man within the CPSU who used to preside over the Secretariat, responsible for cadre and ideological work, is going to concentrate his energy on the thorny problem of agriculture.

General Secretary Gorbachev concurrently assumed office as the Soviet head of state. He pledged to do the utmost to strengthen the power of the Supreme Soviet. The resolution of the 19th CPSU Conference states that he will have the power to decide on key questions concerning internal, external and defence issues.

The personnel change, though greatly facilitating the reforms, will not eliminate all the problems in the road of reforms. As Gorbachev warned before the session, it is unwise to make people expect miracles.

by Wan Chengcai

POLAND

Rakowski Unites, Continues Reform

Mieczyslaw Rakowski has been appointed as Poland's new premier by the Sejm. His government will further promote economic reform by way of reconciliation and new strategies.

Poland's Sejm (parliament) appointed Mieczyslaw Rak-

owski, member of the Politburo and secretary of the Polish United

Workers' Party, as the country's new premier on September 27. The new government headed by Rakowski will implement some new policies while insisting on existing lines of reform, socialist innovation and consultation.

Implementing socialist reform relevant to current trends is the established policy of the ruling Polish United Workers' Party, the goal for which its allied parties fight and the general demand of the Polish people. Governments in the past seven years have made efforts in this respect. Rakowski promised the Sejm soon after the appointment that he would continue to carry out political and economic reform "resolutely, indomitably and without delay." To demonstrate this, he also said his cabinet will consist of people with a similar resolve.

The new government's staunch determination will be needed to meet Poland's current social and economic difficulties. These setbacks, following some progress achieved by the economic and political reform of recent years, have raised internal disagreements. Poland's historical, political and cultural traditions differ from those of other socialist countries. Although the country's various social groups, political parties and factions all demand reform, they differ on the means and end in accordance with their own interests. All these contradictions will be considered by the new government when it makes concrete policies, and past practices will be perfected or adjusted.

The ruling party's decisions at recent central plenary sessions, its allied parties' policy statements and Sejm's decisions have indicated some trends of the new governmental policies.

As for political structural reform, the new government will further promote national reconciliation in a bid to enlarge the social base of the cabinet. There

are indications that this has become the primary political goal. In August, the eighth plenary session of the Polish United Workers' Party decided to set up a national reconciliation committee and approved the proposal of Interior Minister Czeslaw Kiszczak to hold roundtable meetings to be attended by representatives of various circles. The party's decision is seen as an endeavour to unite all parties and organizations that uphold socialism with opponents who support Poland's constitution in order to establish a broadly based alliance for reform.

In addition, the office of the administrative coalition—the Polish United Workers' Party, United Peasants' Party and Democratic Party—will be strengthened and perfected. In this manner, the new premier has said

his government will enjoy extensive social credibility.

The urgent problem faced by the new government is the economic issue. According to the decisions of the Party's eighth plenary session and the Sejm's last meeting, the government will take two years to reorganize the country's economy. The government is expected to try to perfect the existing economic structure and mechanism and readjust strategies and policies. Efforts have been promised to check inflation and put an end to the shortage of supplies. Price reforms are also expected to proceed, but at a slower pace. Likewise, readjustments of investment policies and finances have put on the agenda of the new government, informed sources said.

by Jing Wuwu

LIBYA-CHAD

Accord Signifies African Hope

Libya and Chad declared a restored diplomatic relationship on October 3. The decision was welcomed worldwide and especially in the African countries.

The resumption of diplomatic relations between Libya and Chad on October 3 is the best news from northern Africa since the accord between Algeria and Morocco. Both Libya and Chad have expressed willingness to settle their disputes peacefully.

Several large-scale armed conflicts had broken out between Libya and Chad because of a historical dispute concerning the ownership of Aozou. War ravaged both sides and birthed turbulence and instability in the region. Mediated by the Organization of African Unity(OAU) and commonly sought by all parties involved, the peace effort appears to be sincere. A ceasefire was declared in September last year,

and now, at last, the normalization of bilateral relations has been realized. This move toward friendship also favours the maintenance of peace and stability in the Africa continent.

Since the beginning of this year, reconciliation has wafted Africa like a soft breeze. In April, Ethiopia and Somalia resumed diplomatic relations through a peaceful dialogue. Since May, Angola, Cuba, South Africa and the United States have consecutively held five rounds of official talks and made distinctive achievements regarding the question of Namibia's independence. Algeria and Morocco, who clashed concerning ownership of the Western Sahara, have also

reopened diplomatic channels. More African countries have realized that active disagreements among third world countries can be settled through peaceful means. Brut force only results in mutual destruction.

The reconciliation trend in Africa has its profound causes. For many years, the African countries' economies have been in disarray. Especially in some hot spot areas, the consequences of long-standing war chaos have been debilitating. Poverty, frustration and war-weariness have increased daily. People have longed for peace and rehabilita-

tion. The African continent urgently needed a peaceful environment in which to accumulate financial resources for construction. Peace and stability became the common hope. The reconciliation between Libya and Chad was a product of such hope.

Of course, there are still many problems inherited from history between Libya and Chad, and also among other African countries. The task demands mutual understanding and patient consultations. The breeze of African reconciliation must be powered by common efforts.

by Duan Xin

bonds could be sold, and the central bank had to commit itself to purchasing the surplus. So, excess paper money had to be issued, and this led to the rise of Italy's inflation rate.

To stabilize the lira's exchange rate and resume the balance of the country's international payment, the Italian government adopted a monetary policy that was not restricted by domestic demand. In July 1981, it resolutely divorced the central bank from the Ministry of the Treasury. In this way, the central bank would not have to bear the obligation of purchasing unsold bonds, and the Ministry of the Treasury must issue bonds in line with the status of the country's money market.

This decision strengthened the central bank's independent control over money distribution and reduced its money supply. Before it was made, the interest rate of the bonds was lower than the inflation rate. Since the decision was made, the distribution of bonds was restricted by the money market situation and the interest rate of the bonds rose and exceeded the inflation rate. Consequently, buyers of the bonds also increased.

To control domestic purchasing power, lessen wage pressure, and strengthen the international competitiveness of Italy's industry, the Italian government decided in 1984, through a referendum, to adjust its wage indexation regulations (also called the sliding wage scale), which were introduced in 1969 and had been subsequently followed. Owing to the adjustments, the growth margin of wages in line with the rise of inflation rate dropped.

The Italian government also took a series of strict financial austerity measures to increase its revenue and reduce its expenditure. The proportion of financial deficits in gross domestic product dropped yearly; it comprised 14.5 percent in 1985 and 11.6 percent in

ITALY

Co-ordinating to Curb Inflation

Measures taken by the Italian government have proved to be very effective in curbing inflation.

The crisis that happened to the Western countries' economies in the mid-1970s and early 1980s led Italy's economy to a great predicament. The country's gross domestic product (GDP) decreased and even showed negative growth; financial deficits were enormous; the grand total of national debts exceeded the GDP; trade deficits increased and the inflation rate rose to more than 20 percent.

Confronted with the situation, the Italian government adopted forcible measures to adjust its economy. Currently, the measures, which stressed curbing inflation, have produced good results. From 1980 to 1987, Italy has succeeded in achieving an annual growth rate of 2 percent, and the inflation rate has dropped from 21.7 percent to 4.6 percent.

An official from the Bank of Italy said that factors in the economic structure and an imbalance in economic development have led to Italy's inflation.

So, he maintained, to curb inflation, Italy must proceed from actual conditions and adopt co-ordinative measures in the fields of exchange rate, currency, wage revenue, and finance and budget.

Italy's membership in the European Monetary System (EMS) has played an important role in reducing the country's inflation rate. Lira, Italy's money, had been quite weak and susceptible to blows. In March 1979, Italy took part in the EMS and benefited greatly from the membership. Because EMS members follow a fixed-exchange rate system, Italy was able to maintain the lira's relative stability within EMS.

To adjust the monetary policy was another important measure to curb inflation. For many years, the Ministry of the Treasury issued a great number of bonds in an attempt to compensate the country's enormous financial deficits. However, not all the

1987.

Moreover, Italy has also made great efforts to increase production, reduce costs, innovate products and infiltrate the international market. Its trade deficits have also been reduced somewhat.

Of course, Italy has paid a price

KENYA

Suitable Way, Rapid Development

Kenya, since its independence, has provided a way suitable to its specific conditions to develop its economy.

Since its independence at the end of 1963, Kenya, under the leadership of its first president Jomo Kenyatta and the current president Daniel Arap Moi, has been following a major economic policy of stability and development that has resulted in great achievements. Kenya's rate of economic development has been keeping above the average level of African countries. Between 1965 and 1973, the average annual growth rate of domestic gross product of developing countries was 6 percent, and for African countries 5 percent. For Kenya, it was as high as 7.1 percent. During the general recession of world economy from 1973 to 1982, the above figures were 4.3 percent and 1.5 percent, but as to Kenya, it amounted to 4.4 percent. Last year, Kenya's economic growth rate was 5 percent. Thus, it has become relatively well-developed in comparison with other African countries, especially in the region of eastern Africa.

Steady development of Kenya's economy is due to its three major moves:

First, it introduced a correct policy. When Kenya became independent, its agricultural production and processing industries began to take shape. However, the government was careful not to take measures of nationalization in order to avoid an economic shake-up. Instead, it established

for these inflation-curbing measures. For example, unemployment has increased. At present, the Italian government is continuing its efforts to eliminate the still-existing threat of inflation to its economy.

by Jln Blao

by degrees a mixed economy system through safe and gradual interim measures.

Under such a system, many economic elements co-existed, and competition was encouraged by the government. The government treated public enterprises and private ones equally. In the non-agricultural sectors of current Kenya, the state-owned economic element is only about 30 percent, and all the rest is private.

Second, it focused on agriculture. Kenyan government has always given priority to the development of agriculture with all kinds of measures to help insure this policy. Kenya smoothed the way for settling the farmers' land problems through such gradual and moderate means as redemption. The government provided farmers with immediate technical guidance and credits and encouraged small farmers to develop production, in order to double their share of the total agricultural products market in 20 years. Kenya's economic plan raised the prices of grain to prevent farmers from suffering profit losses, and it stressed the development of remote rural areas by constantly increasing investments.

In 1986, the worldwide coffee price hike and oil price fall profited Kenya much. In the 1986-

87 budget, the priority of government planning was to strengthen agriculture. Therefore, the agricultural appropriations increased 26 percent above those of the previous year. Other priorities included stabilizing prices of the agricultural means of production, such as fertilizer, and providing low-interest loans to small enterprises based on agriculture.

Third, it encouraged investments from foreigners. Currently, there are more than 4,000 joint ventures and enterprises exclusively owned by foreign capital in Kenya. Since independence, the total private foreign investments in Kenya have amounted to US\$3.5 billion. Besides, there have been about US\$5 billion in gift funds and loans. Foreign investments have played an important role in developing Kenya's economy.

For the purpose of foreign investment influx, the Kenyan government issued a protection law, stipulating that foreign enterprises cannot be confiscated and nationalized for any reason. In addition, Kenya has made many accessory laws and regulations concerning taxation, prices, credits and profit in order to create a better environment for foreign investments.

However, Kenya is still confronted with many difficulties in developing its economy. The weak economic base is susceptible to influence by external factors, and a high population growth rate, to a great extent, has offset the achievements of agricultural production. Increasing debts and unemployment, as well as social instability behind the wide gap between the rich and the poor, are also major obstacles to the economic development of Kenya. But, in general, Kenya's road to development is suited to its demand for productivity in the current stage.

by Wenxan

Qinghai Province's Tibetans

Since 1950, five Tibetan autonomous prefectures have been established in Qinghai. Like other autonomous regions, they have received preferential financial and political treatment from China's central government. At the same time, the province's various nationalities have mutually prospered by learning from each other.

by Our Correspondent Cheng Gang

Few people associate western China's Qinghai Province with Tibetans. But 810,000 live there, forming 20 percent of the population. Indeed, Tibetans have lived alongside Hans, Mongolians, Huis, Tujias and Salars in Qinghai for nearly 1,000 years. Many notable Tibetans have been born there, including the 10th Bainqen and the 14th Dalai Lama, two leaders of contemporary Tibetan Buddhism.

Since 1950, five Tibetan autonomous prefectures—Yushu, Hainan, Huangnan, Haibei and Golog—and one Tibetan-Mongolian autonomous prefecture—Haixi—have been established in Qinghai. Like other autonomous regions, they have received preferential financial and political treatment from China's central government. At the same time, the province's various nationalities have mutually prospered by learning from each other.

Economic Development

Before liberation, Qinghai had a backward economy. In Golog, for example, the Tibetans used stone implements to cut wool and harvest crops. As a result, Qinghai's total agricultural and industrial output was worth barely 150 million yuan. By 1987, however, it had risen to 3.663 billion yuan.

Qinghai encompasses one of China's five major pastoral areas.

Altogether, 8.33 million hectares are available for raising livestock. Yet in 1949, only 7.48 million animals were raised. Last year, Qinghai's 600,000 Tibetan herders managed 20 million, making the province China's largest producer of yaks and wool—some of which was exported.

Although Qinghai has clearly made great economic strides, it has lagged far behind China's eastern coastal regions. This is partly due to the area's climate—constantly threatened by snowstorms, droughts, or other natural disasters. To combat these difficulties, the government has allocated several hundred thousand yuan each year for

building livestock sheds and pens and storing hay.

The government has also made the improvement of grasslands a priority, allocating over 15 million yuan in 1987 for this work alone. It has strived to introduce advanced scientific techniques to promote the economy. Recently, a strain of sheep with fine wool was introduced across the province, doubling wool production. "This alone brought an extra 1,000 yuan to my family," says Tibetan herdsman Lafudam of Hainan Prefecture.

Investment in crop cultivation has also increased, rising from 7 million yuan in 1980 to 10 million yuan in 1987.

Tibetan herder Zhubmagy in Qinghai's Gonghe County has moved into a new tile-roofed house where she has her first taste of tap water.

JIANG ENYU





WANG JINGYE

Cuoqe (second from right) is the Tibetan wife of Hui farmer Ma Chengjun in Qinghai's Gangca County. She gets along well with her three sisters-in-law, all of different nationalities.

Cultural Traditions

Caiwa, a member of the Chinese Dancers' Association, works for the Qinghai National Song and Dance Ensemble. He devotes himself to performing and creating Tibetan dances, one of which was awarded a prize in a national minorities drama festival.

Over the past 30-odd years, a good many Tibetan artists like Caiwa have come to the fore in Qinghai Province, and now most actors and actresses in these prefectures' professional art troupes are Tibetans.

Some people of other nationalities who have been living with the Tibetans have also devoted themselves to Tibetan art. Yang Xiangdong is such a person. He began performing on stage in 1971, and in 1983, was awarded a special prize at the 12th Carthage International Art Festival held in Tunis, for a Tibetan *Eagle Dance* he had created himself. "I am fascinated by Tibetan art. It belongs to those who love it," he says.

Religion plays an important role in the lives of Qinghai's Tibetans. They believe in Lama-

ism and spend much of their income on it. Altogether, 545 monasteries are now open in Qinghai with nearly 10,000 monks. Taer Monastery is the largest of these. Every day, a continuous stream of Tibetans come to burn incense and pay homage to Buddha. The monastery has more than 470 monks, 200

of whom are under 30. They have all been recruited of their own free will with their families' consent.

The monasteries, however, are more than religious centres. Taer Monastery, for example, is well-known for its butter-oil sculptures, embroidery and frescoes. It also has four *zhacang* (colleges) where monks can study Buddhist scriptures, astronomy, geography and Tibetan medicine.

The diagnostic methods of Tibetan medicine resemble those of traditional Chinese medicine. But it has developed various of its own treatments and drugs which are still widely used to cure many common illnesses. Nia, an old Tibetan doctor who has trained many practitioners, says that the ingredients for most Tibetan medicines are collected in the mountains.

In the past, doctors usually practised medicine among the people. But since 1982, the government has set up Tibetan medicine hospitals in Xining, Qinghai's capital, and the various prefectures. Local doctors have been invited both to work in them and pass on their knowledge.

Tibetan women question technicians how to handle and maintain milk separator at a provincial science meeting.

WANG JINGYE



Doctors at Qinghai Tibetan Hospital, founded in 1983 and now the largest in the province, have compiled a book titled *Proven Remedies of Tibetan Medicine*.

The Qinghai Nationalities Press has 24 staff members, 18 of whom are Tibetans. Over the past 34 years, it has published 1,197 Tibetan books, including ancient texts, works on Tibetan culture by modern scholars, and literature translated from Chinese. It has also published a literary magazine titled *Zhang Qia Er* (dew) which now has an amateur writing group of more than 30 Tibetans.

Educational Network

Despite the problems posed for education by Qinghai's vast grasslands, sparsely populated by a nomadic people, a network of small-scale schools has been established. Typical is a boarding school in Gonghe County, Hainan Prefecture, with its four teachers and 50 Tibetan pupils. The only school fee is one live sheep—in return, the government provides lodging, clothing and a stipend of 15 yuan a month through to graduation.

As a result, great steps have been made in education since liberation. Before 1949, 98 percent of the region's Tibetan population were illiterate, now 70 percent of school-age children attend school. In Hainan Prefecture, the number of primary school pupils has risen from 1,250 before liberation to 12,085, and middle school students from 95 to 12,085.

Higher education has also expanded rapidly in Qinghai to create a pool of qualified Tibetans. Altogether, there are now six institutions of higher learning with a total enrolment of 4,728 students, and 35 polytechnics with 8,095 students. To ensure sufficient numbers of Tibetans take the courses on offer, the government

has relaxed selection criteria for them. However, training basic-level teachers is still an urgent task.

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“We realize that our Han and Mongolian brothers generally have a higher level of education, particularly in technical areas, so it is imperative for us to develop our educational level,” said Mudo, the director of the Education Bureau in Hainan Prefecture.

Mutual Exchange

Apart from some herdsman in the pastoral areas, few Tibetans in Qinghai continue to wear their traditional dress. Zhuobao, a young Tibetan government employee in Gonghe County dressed in a modern Western-style suit, said in fluent Chinese, “I prefer Western or tunic suits to Tibetan robes—they are far more convenient. But I still wear traditional clothes at our festivals.”

But integration and co-operation between the Hans and Tibetans as well as the other minority ethnic groups of Qinghai

is not restricted to clothing. Rafudam, a herdsman from Gonghe County, has opened a small store which has proved so successful that his family is one of the area's best-known “10,000-yuan households.” For this, he said, “I have to thank my Han friends. They told me to diversify—so I set up this store for general goods and foodstuffs.”

In agricultural districts, the Tibetans have absorbed knowledge from Hans and Mongolians on how to farm arable land with fertilizers and agricultural machinery. In the towns, bartering has been replaced by more flexible ways to do business with tourists eager to buy Tibetan jewelry, silver bowls, knives and boots.

To further promote Han-Tibetan co-operation, all the autonomous prefectures' governments demand that their staff learn both Chinese and Tibetan, and the government of Hainan Autonomous Prefecture has started running language courses for its employees. In public places, nearly all signs and notices are now written in both languages, and many shop assistants can serve their customers bilingually.

Caihua, deputy headmaster of the National Normal School in Haibei Autonomous Prefecture is a living example of successful integration. Himself a Tibetan, he married a Han and now has two daughters. He admits his life has changed, but reckons it is for the better: “When I lived on the grasslands I never ate vegetables or slept on a bed. Now I can't do without them. In a traditional Tibetan family, the man does no housework, but now I've got to lend a hand along with everyone else.”

Ding Youde, a Qinghai provincial government official, says that ever more families in the province combine partners from different nationalities. On the whole, he adds, they have proved quite stable. ■

Xue Hengjia — Grasslands' Reviver

Xue Hengjia moved to a Tibetan prefecture in Qinghai Province when he was 28. Since then, he has helped local people eradicate rats and harmful insects and establish scientific livestock breeding centres. In April this year, the State Council honoured his work in promoting the progress and unity of China's nationalities by awarding him the title of "model worker."

by Our Correspondent Zhou Zheng

Twenty-eight years ago, Xue Hengjia left Jiangsu Province on China's eastern coast for the grasslands of Golog Tibetan Autonomous Prefecture in Qinghai Province.

Raised in prosperous Jiangsu Province on rice, he knew nothing of the Tibetan lifestyle. At first he could not adjust to sleeping in a tent, eating butter and *zanba* (a Tibetan staple food), and drinking tea with milk.

He could neither ride a horse nor an ox, and when he first set foot on the Golog prairie, 3,800 metres above sea level, he saw a seriously rundown area, denuded by rats and insects.

Being trained in animal husbandry, he immediately resolved to set about ridding the area of these pests and establishing scientifically run livestock breeding centres.

With the help of the Tibetans and through his studies, he slowly learned Tibetan and adapted to the life on the grasslands. Now, he can travel across the area without an interpreter, and is so well-known by the local people that they fondly address him as "Lao Xue" or "Jiangnan Tibetan" (Tibetan from south of the Changjiang River).

For more than 10 years after his arrival in 1966, Xue worked in a village called Dongqinggou. By day and night he struggled to exterminate rats and insects. His hands and arms were often inflamed and blistered from the glaring sun, but the success of his

methods led to their adoption by increasing numbers of Tibetans.

In Dongqinggou, rats have now virtually been eliminated. In the winter of 1985, Xue instructed the people of three neighbouring counties on how to catch rats. His methods proved so successful that the threat of rats was removed for 68,000 hectares of grassland within a single month.

More recently, Xue has concentrated on cultivating grass, and as ever he has led the way by example, personally growing 310 hectares.

As a result, Dongqinggou has completed a grassing project, supplemented by the construction of livestock pens and fences. The project has led to the settling down of herdsmen. In 1986, individual income in the village rose to 975 yuan, 3.3 times higher than in 1979.

The village's success has been used as an example by the local government to encourage other communities, and it has brought great economic and social benefits to the area.

Xue has also taken part in an investigation and allocation of animal husbandry resources in the region. To gather information, he travelled more than 3,600 km. From the knowledge he gained, he has written many articles and lectured many times on the theory and practice of livestock breeding.

Xue strongly maintains that increasing the application of scientific technique is an import-

ant and urgent task. And because of this he enthusiastically trains the Tibetans in professional methods.

To do this, he visits the herdsmen in their tents to explain personally how science can help them improve their output. The 210 people he has trained to raise animals now form the backbone of production on the Golog Grasslands.

Although Xue's income is low and he has a family to support, he lives frugally and saves his money to help local Tibetans in need. He has bought medicine for sick lambs and tickets for students to return to their schools. When someone dies, he gives money to his family. He has provided clothes for the victims of natural disasters, and made a 1,000-yuan donation to the Nationality School of Maqen County.

These actions have made him loved and respected by the Tibetans of the Golog Grasslands. Now they call him brother, and he returns the compliment, "I'm deeply attached to the lush Golog Grasslands and have a deep admiration for the Tibetans who live and work on them."

Xue is now vice-chairman of Golog Tibetan Autonomous Prefecture's science commission. In April this year, the State Council honoured his work in promoting the progress and unity of China's nationalities by awarding him the title of "model worker." ■

North-South Relations at the Crossroads

Increased North-South dialogue and co-operation would promote the development of the world economy. Improving the relationship between the South and the North, which is in everyone's interest, depends on efforts by both sides.

by Hua Zhanshi

As contradictions between the East and the West eased, moving into the 1980s, conflicts between the North and the South deepened. This has affected the international economy, especially the economic stability and development of the third world.

The Western developed countries entered the 1980s when experiencing their most serious economic crisis since World War II. They sought to resolve their problems by shifting their economic burdens, reducing the prices of primary products and raising the prices of finished industrial products. This led to a worsening of trade terms for the developing countries. Their export revenue was reduced and their deficits shot up. World Bank statistics show that between 1980 and 1986, the average price of non-fuel primary products dropped in real terms by 35 percent in US dollars to the lowest level since World War II, while the prices of finished industrial products going to the developing countries increased by an average of 17.5 percent. As a result, the developing countries (including the oil-exporting countries) have suffered a lot, losing about US\$110 billion because of the drop in price for raw materials.

In addition to this, the practice of trade protectionism by the developed nations has led to the imposition of tariffs and other trade barriers against the developing countries. The policy of high interest rates launched by countries such as the United States also helped to plunge the developing

nations into total debt of US\$1,100 billion at the end of 1987. The debts are too heavy for many of these nations to repay. This situation has led to unprecedented contradictions between the North and the South. Compared with the 1950s and '60s, the North-South conflicts of the '80s can be characterized as follows:

New Changes

1. The focus of the North-South conflicts has shifted from the field of trade to finance. In the early period after independence, developing nations concentrated on safeguarding their economic sovereignty. The nationalization movement launched in late '50s and early '60s is an example of this policy. As output grew, however, the developing countries became increasingly involved in the international market and the conflicts between the North and the South intensified as a result. The single problem of economic sovereignty has been replaced by the complex problem of economic relations, and the scope of the problem has broadened from the field of production to trade and distribution.

Although the developing countries established various groups of raw material producers and exporters in the '60s and came up with a comprehensive commodity programme aimed at improving trade conditions in the '70s, the international division of labour remains unfavourable to the

developing countries, whose products are worthless.

Since the beginning of the 1980s, the problem of financing has become more important than the problem of trade among the North-South conflicts, with the shortage of funds being the most prominent difficulty of the developing countries. In the '50s and '60s, to keep the developing countries in the capitalist system, the developed nations offered official development funds with long terms for repayment and low rates of interest. Since the '70s, however, the developed nations have cut down on this kind of aid, and the developing countries have had to seek short-term, high-interest-rate loans from the international financial market, creating more contradictions in the area of North-South finance.

In the '80s, a debt crisis developed among third world nations, whose international revenue and expenditure had grown too out of line. Part of the reason for the crisis is that the developed countries started to shift their economic difficulties on to the developing nations. Moreover, the high interest rates of the developed nations not only increase the debt burden of the developing countries but also draw capital out of these countries. Third world countries have been forced to watch their economics decline because of a shortage of loans and other aid from the developed countries. Fluctuations and imbalances in the exchange rates of major developed nations add to the instability of the international

monetary situation, severely affecting economic development in the third world. The financial problem has thus become the focus of South-North contradictions.

The developed nations have ignored or vetoed developing nations' demands for the reform of the international monetary system, the establishment of a stable exchange rate system and an increase in aid and loans to the third world. The reform of the international monetary system has stagnated and developing countries remain short of funds. The essence of the North-South conflict over finances is that the developed countries are trying to maintain the existing international economic system as a means to continue to exploit and control the third world, while the developing nations seek to change the unreasonable economic system and establish a new international system.

Conflicts of Interests

2. Contradictions among the developing countries have increased, weakening their cohesion, while the developed countries step up their co-ordination and adopt an increasingly stubborn stance towards the third world. The developing nations were united from the immediate postwar period to the mid-70s. They supported one another and any differences could be easily handled through co-ordination. But as a result of their uneven economic development, differences among the nations gradually grew so large that they eventually came to occupy different levels of development. Thus, they have different individual interests to consider in dealing with the developed nations. Asia's "four little dragons"—Singapore, Hong Kong, Taiwan and South Korea—for instance, are rising

industrial forces. As exporters of labour-intensive, finished industrial products, they are concerned about halting the trade protectionism of developed countries.

The economically backward countries of Africa, most of which are raw material exporters, have a different set of problems. They are suffering from the slashing of prices for raw materials while the droughts of the past few years have threatened the very existence of their people. These countries are seeking more aid from the developed countries, a reduction of their debts, and increases and stabilization of prices for raw materials and primary products.

The Latin American countries, whose economic development is relatively higher, began in the '70s to borrow money for construction and to boost economic development. But the debt crisis of the early '80s so damaged their economies that a solution to their debt problems has become their uppermost concern. They want to adopt a policy that will allow them to develop their economies while repaying their debts. This requires that the developed nations increase loans, reduce interest rates and prolong repayment periods.

The member states of the Organization of Petroleum Exporting Countries (OPEC) profited greatly from the high oil prices of the '70s. But they began to lose much of their international market in the '80s, when the developed countries sought to reduce their reliance on OPEC by exploiting their own oil fields, developing oil substitutes and practising energy conservation. International demand for oil dropped and so did oil prices. OPEC members are preoccupied with stabilizing oil prices and increasing their revenue as well as expanding their market share.

The disagreements among different types of developing coun-

tries in different regions have increased in the difficult international economic climate of the '80s. The countries are paying increasing attention to their individual and immediate interests and problems. This reality has weakened the developing countries in their talks with the North.

Despite the increase of economic conflicts and frictions among the developed countries in the '80s, their co-operation has also increased. The Group of 7 holds conferences of finance ministers, as well as a yearly summit. Through bodies such as the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade, the industrialized countries co-ordinate their policies on interest and exchange rates, trade protectionism and the third world debt problem. They co-operate not only on basic economic policies, but also on their stance and attitudes towards the developing countries.

In the '70s, the developed countries made concessions to some third world demands, promising to provide official aid equal to 0.7 percent of their gross national product in each year of the '80s. They also agreed to participate in a US\$750 million Common Fund. When the '80s arrived, however, they broke their promises and disregarded the agreements they had signed with the South. They have put pressure on developing countries to economically retrench, develop the market and private sectors of their economy, devalue their currencies, cut down on the governmental subsidies and readjust their state economies. All of these steps are meant to force the people of the developing countries to tighten their belts to repay their debts. The results are that the economies of many developing countries deteriorate while prices skyrocket and living standards drop. This has led to an

intensification of North-South contradictions.

Declining Third World Role

3. The developing countries, which took the initiative in the battle with the North in the '70s, have become passive in the '80s. The most famous offensive against the international economic order was launched by OPEC in 1973. It broke up the developed countries' traditional monopoly over the international economy, marking a new era in the developing countries' struggle against imperialist and hegemonistic practices in the international economy. OPEC's success encouraged many third world countries to try to break down the old international economic order and establish a new one.

In the '80s, however, the developing countries began to lose the advantages they had won in the '70s. As the developed countries regained their edge, the North-South gap widened in gross national product, per-capita income, technological development and trade. The third world's proportion of total world exports dropped from 28 percent in 1980 to 19 percent in 1986. For the oil exporters alone, the figure fell from 15 percent in 1980 to 5 percent in 1986. As the third world's role in the world economy and world trade declines further, its dependence on developed countries has increased, and its fight for a new international economic order has reached a low ebb.

As long as the unreasonable international economic order continues to exist and the developed countries continue to exploit and control the developing countries through their monopoly over international production, trade, money and finance, the developing countries will continue their struggle to redress their

unequal economic position. The contradictions between the North and the South will be with us for a lengthy period. But whether the differences widen or ease will be decided by the international economic environment and the strength and policies of both sides. A fundamental easing of the sharp contradictions which appeared in the '80s seems unlikely in the near future for the following reasons:

First, a substantial improvement in the world economy cannot be achieved quickly and the economies of the developed nations will continue to grow at a slow pace. With the dramatic development of science and technology, including new forms of energy and new materials, the developed countries will not be seeking major additional supplies of raw materials, primary products and manufactured goods. At the same time these countries are not offering increased financial aid to the developing countries.

Second, the scientific and technological revolution will further widen the economic gap between the North and the South. The developed countries will dominate new scientific and technological developments and will benefit from them the most. They will also use science and technology to further consolidate their monopoly over the world economy. Only a few of the newly industrialized nations and regions are likely to use the latest science and technology to promote economic development and narrow the development gap.

The scientific and technological revolution represents a challenge to the third world. But because of lack of money and technicians, most developing countries are missing this valuable opportunity. They are even losing edge in terms of natural resources and labour, and increasing their dependence on the developed nations, thus increasing their economic and technological disadvantages com-

pared with the developed nations. This will lead to rising tensions surrounding technological transfer.

Third, the conservative trend of the developed nations will play an important role in the world situation. Their tough stance towards the developing countries is unlikely to change significantly in a short period.

But all this does not mean that conflict and confrontation between the North and the South are inevitable. Nor does it exclude some easing of contradictions on some questions. Despite the contradictions, the North and the South are interdependent and are both part of an integrated world economy. As international relations bring the world closer together, it has become possible for the crisis of the South to touch off earth-shaking repercussions in the North. Enlightened individuals in the developed countries argue that the industrialized nations should adopt moderate policies towards the third world on the basis that the North and the South are in the same boat and the developed countries should take an attitude of live and let live. Even countries that have taken a tough stance have begun to realize that the economic difficulties of the third world harm rather than benefit their economies. For the sake of their own interests these developed countries are prepared to compromise on some concrete questions to avoid a North-South crisis.

Possible Compromises

In a word, while the contradictions and struggle between the North and the South will remain sharp for a long time, some relaxation is possible on specific issues. In these circumstances, the adoption of a confrontationist attitude will not help either side. Instead, the common interests of

both sides would be served by strengthening the dialogue and co-operation between them. The North and the South share responsibility for seeing that this occurs. But the developed countries' edge in economic and other fields dictates that the North should play a leading role in resolving North-South contradictions.

The North-South dialogue was interrupted in 1977 and remains at a stalemate. To break the stalemate and improve North-South relations, the developed countries must correct their mistaken stand and make big compromises on some major questions. Then both sides will be able to sit down as equals and discuss and settle the issues in an atmosphere of mutual accommodation and understanding. In this scenario, the developing countries will adjust their bargaining strategy and adopt a flexible position on the measures required to reform the existing international economic order. They will balance the need for a new international economic order with the need to settle certain urgent questions. While pursuing global questions, they will seek to continue the talks on specific issues. They will seek practical solutions to concrete problems and focus their efforts on settling urgent matters and getting results. A realistic approach on both sides will leave the room for compromise. Through such dialogue and co-operation, acceptable solutions can be found and the stalemate can be broken. In the current situation, the North and the South can jointly explore:

1. How to adopt practicable and effective measures to raise and stabilize the prices of raw materials including petroleum and primary products; how to improve trade terms for countries that produce and export raw materials and help them expand their processing industries and diversify

their economies;

2. How to prevent trade protectionism by developed countries, reduce tariff and non-tariff trade barriers and open up markets to manufactured goods from the developing countries, thus helping them to raise their incomes;

3. How the developed countries—particularly Japan and Federal Germany—can reach the goal of providing aid totalling 0.7 percent of their gross national product to developing

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countries. By increasing foreign aid and transferring surplus capital to the developing countries, the developed countries can promote the economic recovery

and development of the third world;

4. How to increase new loans, while at the same time reducing the third world debt burden by lowering interest rates and deferring payments; how to help the developing countries increase their capacity to repay their debts and settle their debt problems on the basis of economic development;

5. How to lift restrictions on technological transfers; how to transfer developed countries' traditional industries and advanced technology to the developing countries and help them raise their level of technical competence, readjust their industrial structure and narrow the technological gap between the North and the South;

6. How to stabilize the international monetary market, thus reducing fluctuations in the exchange rates of the major Western currencies and curbing the resulting losses in the developing countries;

7. How to help the least developed countries in Africa and elsewhere spur their economies to provide the basic necessities of life for their people and overcome the "crisis of existence" and the "development crisis."

Clearly, the North-South dialogue will not be all smooth and cannot settle all of the problems at once. But both the over-optimistic and pessimistic views towards the dialogue are mistaken. It is noteworthy that some Western economic experts advocate that the establishment of a new international economic order not be mentioned in the dialogue to avoid creating bad feelings among the developed countries. This suggestion is not helpful either to third world unity or North-South relations. The experts should stand on the side of the developing countries and support their efforts to establish a just, mutually beneficial and co-operative world economic system. ■

Zhao Zhangguang — Inventor of '101' Hair Tonic

Zhao Zhangguang was born in 1943 to a peasant family. His family's poor income forced him to give up his studies and take up farming when only in the second year of junior middle school. But the "101" hair tonic he developed is now known as the Oriental magic water.

by Zhao Xuejun and Yu Fei

At the Eureka International Fair held in September 1987 in Brussels, Belgium, the inventor of the "101" hair tonic Zhao Zhangguang stood confidently in a Western suit behind the stall for a row of 13 cm high bottles containing "101" hair regrowth liniment. On display were also over 500 pictures of Chinese patients successfully treated with the magic water.

Oriental Magic Water

Visitors of all races flooded to see the pictures but they found it difficult to believe that the medicine could be so effective.

To clear their doubts, Zhao Zhangguang confidently challenged dermatologists from other countries: "The Chinese '101' can be tested against hair tonics produced by any other country in the world. The evaluation committee can select the hospital and the patients. The tonics will be distinguished only by mark, not by names or producers. If the patients show no hair growth after using '101' for three months, I will refund the cost of the medicine. If any ill effects result from the use of the liquid, I will assume any legal responsibility."

Zhao's challenge raised a great stir at the fair. People suffering from baldness flooded to see him and try "101." With a small brush, Zhao carefully applied his tonic to each patient.

A 17-year-old Belgian girl who

lost her hair several years before pushed to the front and tried to make herself understood with the help of gestures. After a serious examination, Zhao confidently told her, "Please don't worry. I can make your hair grow again." Seventeen days after applying the tonic, new thin hair began to grow from the girl's head. She was so overjoyed when she saw the new growth that she rushed out of her house to send a telegram to Zhao in China, "Thank you, Mr. Zhao. You have made my hair grow again. Thank you for the medicine you mailed to me."

All patients gave the medicine the thumbs-up. But the evaluation committee gave Zhao a start. One day, some committee members

visited the Chinese stall and one of them drew a cross on the sample bottle of medicine. Zhao stared at the cross, not knowing what had happened, but his interpreter winked at him and said quietly, "Good news. The cross means you are allowed to take part in the competition."

On October 1, 1987, the mayor of Brussels, on behalf of the King of Belgium, presented Zhao Zhangguang with the golden First-Class Knight Medal at the Brussels Palace.

Newspapers and radio and TV stations from various countries vied to spread this news to the rest of the world, heralding Zhao Zhangguang as an excellent doctor for baldness treatment and

Zhao Zhangguang, the creator of "101"



"101" as a magic hair tonic.

Seven months later, Zhao Zhanquang also participated in the 16th international exhibition of new technology and innovations held in Geneva as a member of the delegation for the Chinese Commission of Sciences. Defeating a dozen contenders, Zhao won the only Oscar Gold Cup for individual inventions.

A "101" craze has hit the world. The medicine has been acclaimed as "oriental magic water." Businessmen, competing to buy product, have forced its price up sharply. In Japan, the price of a bottle of "101" hair tonic has risen from several thousand to ten thousand Japanese yen. Groups of buyers have also rushed to China at their own expense for the medicine.

Difficult Path to Success

Zhao Zhanquang was born in 1943 to a peasant family in Niyang Village in Yueqing County, Zhejiang Province. His family's poor income made it necessary for him to give up his studies and take up farming when only in the second year of junior middle school.

In 1968 Zhao suffered from a skin disease and during the following two years he visited doctors in Hangzhou, the capital of the province. While in Hangzhou he learnt enough knowledge of medicine to become a "village doctor." Later he opened a health centre in his village and treated patients with common skin diseases.

Many people in his village and surrounding areas suffered from baldness. A young woman teacher in his village was one such case. Always jeered at by her mischievous pupils, her self-esteem was seriously injured and she quit her job. She locked herself away at home for seven years, even



Jiang Jiazhen from Anhui Province had been completely bald for seven years.

After treatment with "101" pilatory liniment, she grew a full head of hair.



refusing to visit her own parents.

A young woman from a neighbouring village lost her hair overnight before their wedding day and her fiance refused to marry her. She went to Shanghai for treatment with no result. Back home she took an insecticide. Fortunately, her mother found her and she was saved. Accompanied by her mother, she visited Zhao

and knelt down before him and pleaded: "I beg you to cure my baldness."

These cases and others kept nagging at Zhao and he determined to find a treatment for baldness and bring back happiness to his patients.

During the day, he visited herbalists and veteran doctors of traditional Chinese medicine, and

collected recipes passed down among local people. In the evening, he classified herbs by the light of a kerosene lamp and studied the properties and functions of each one with the help of medical books.

A classical book of medicine proclaimed, "Hair takes its nutrients from the blood; hair loss will result from lack of nourishment." To cure baldness, then, one first of all needed to nourish the hair. Following this theory, Zhao began to formulate a tincture made with traditional herbs.

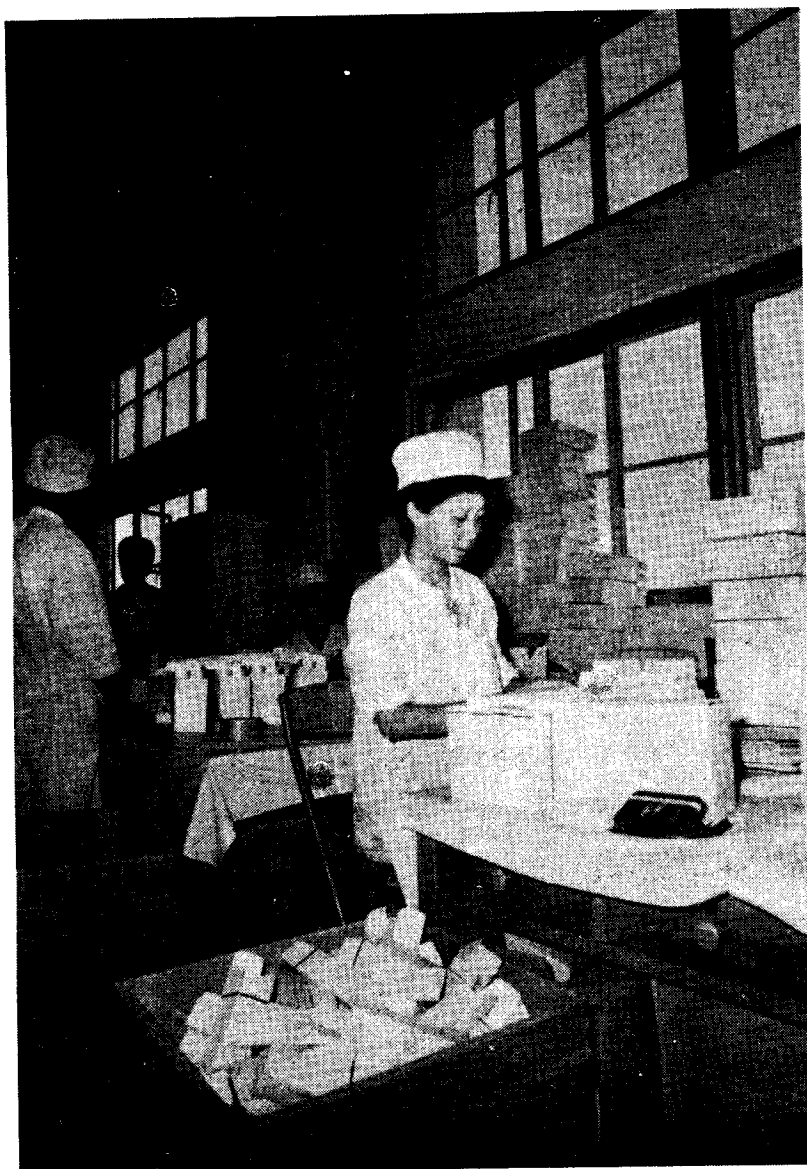
His house was stacked with bottles and jars. He made up one kind of medicine after another but each one failed to produce results.

One day he read a medical book which claimed, "The loss of hair is caused by a weakness in some part of the body." Enlightened by this, Zhao added other herbs to his prescription to stimulate the growth of hair pores. He decided to try using a certain local herb which had such a function. He ground the herb into a juice and brushed it onto his own leg to see the results. But the herb caused pain and blistering.

He then searched for a herb which would serve the purpose but have no side effects, testing the herbs not only on himself but on his father and daughter to see their effects on people of different ages. Zhao experimented scores of times but once again failed.

His work brought many troubles for Zhao's family. He spent all his savings and got heavily into debt. The debts grew from 300 yuan to 500 yuan and then to 5,000 yuan. His family complained and worried about the debts but Zhao continued with his experiments regardless. Later he found it difficult to borrow money so he decided to sell one of the three rooms in the house left by his grandfather for 1,000 yuan.

At one stage, Zhao's experi-



The packing department of the "101" factory.

Photos by XU XIANGJUN

ments showed some good results and he began to use his herbs on the villagers. But some patients suffered allergic reactions to his treatment. He spent day and night treating them but one company manager who reacted badly to the medicine complained to the local health bureau that Zhao was a swindler. Some people in the bureau thought Zhao, a farmer, could not succeed in his experiments and forced him to stop his research.

Anxious and angry, Zhao returned to Yandang Mountain, carrying with him a hoe and a basket. He went back over his difficult path, telling himself, "My path is not the wrong one. I would rather die than not find an effective hair tonic."

To show his determination, he declared to his villagers that he would provide free lunch for those who came for a second treatment.

In the end his hard work paid off. One morning, Zhao was

awakened by a knock at his door. His friend Lin Guangnai cried joyfully outside, "Zhangguang, my hair is growing." Zhao got up in astonishment and rushed to open the door. When he saw the new hair on Lin's head, Zhao couldn't hold back his tears.

Later, more and more patients came back to show Zhao their new hair growth.

'101' Tonic's Springtime

After four years of hard work, Zhao successfully produced the "101" hair tonic. Its effective results have been widely recognized.

In the summer of 1983, *Zhejiang Workers' Daily* featured Zhao's

achievement on the front page.

In 1984 Zhao was invited to serve as honorary president of the Xiangyang Baldness Treatment Hospital in Zhengzhou, Henan Province.

In 1986 the "101" hair tonic was recognized by experts at the Henan provincial technical expertise conference in Zhengzhou.

The word quickly spread to Beijing. On two occasions the Beijing Civil Affairs Bureau sent people to invite Zhao to Beijing to treat patients. The Civil Affairs Industrial Co. in Beijing collected 1 million yuan to set up the Beijing Hair Tonic Factory and Zhao was made its director. The company also set up a centre where Zhao could give consultations.

The minister for Civil Affairs and the deputy mayor of Beijing met Zhao Zhangguang to thank him for his contribution to the treatment of baldness and encouraged him to continue with his research.

The "101" tonic is now available in 18 countries and regions including the United States, Sweden and Japan. Every day the factory in Beijing receives hundreds of letters from abroad ordering the medicine. Zhao's wish to export the "101" to the world market has come true. Zhao has also formulated a second generation of hair tonics—the "101-A" and "102"—which will soon be available on the market. ■

FACTS & FIGURES (A Decade of Reform IV)

Investment in Fixed Assets

by the State Statistical Bureau

Between 1979 and 1987, China invested 1,644.1 billion yuan in fixed assets. Of this total, 1,105.2 billion yuan was invested in state-owned enterprises, 340.8 billion yuan more than in the previous 26 years (1953-78). At the same time, China has completed 303,000 capital construction projects and 300,000 modernization projects since 1979, increasing fixed assets by 829.5 billion yuan. These remarkable figures have increased China's economic strength and laid the material foundations for further boosting its economy.

Investment System

Under the centralized planning system that existed up until 1978, investment in fixed assets was

principally channelled through the state to enterprises owned by the whole people. Since 1979, however, the development of collectively owned or individually run enterprises has changed the structure of investment in China. From 1981 to 1987, these enterprises invested 505.1 billion yuan, with the amount increasing at an average of 37.7 percent annually, 15.3 percent more than in state-owned enterprises. Overall, the proportion of investment in these enterprises had risen from 18.1 percent in 1980 to 36.9 percent in 1987.

Another major source of investment since 1978 has been foreign capital. Many overseas companies have helped to fund joint ventures, and China has borrowed extensively from international financial organizations

such as the World Bank.

The ways in which investment can be channelled into enterprises have diversified as enterprises began to enjoy more autonomy, local financial plans became partially independent of central government control and financial resources and extrabudgetary funds used by local departments and enterprises increased at a high rate. Thus, over the past nine years, state-owned enterprises boosted their budgeted investment by 46.8 percent by raising funds themselves. As a proportion of total investment, this had risen to 47.6 percent in 1987 from 31.9 percent in 1978.

By 1987, foreign investment accounted for 6.2 percent of the total investment in fixed assets, and domestic loans for 18.6 percent.

In the field of capital construction, the Chinese government has concentrated on investment in energy resources, transportation, raw materials and other basic industries, investing 358.8 billion yuan in the past nine years, 51.2 percent of the total investment in capital construction. The principal ways in which the money has been used are:

Energy. Total coal production capacity has been expanded by 145.6 million tons since 1979, 25 percent of the 1978 total.

Electricity generation has been expanded by 48.13 million kw, or 84.3 percent of the 1978 total, bringing the total generation capacity to more than 100 million kw. As well as expanding its hydroelectric and thermal power stations, China has speeded up the construction of its first group of nuclear power stations, which include one at Qinshan in Zhejiang Province and one at Dayawan in Guangdong Province. Oil production has risen 95.76 million tons, or 98 percent of the 1978 total.

Communications and transportation. Since 1979, some 4,867 km have been added to China's railway network, and many existing routes have been upgraded.

To transport more coal out of Shanxi Province, China's major coal-producing base, the railways from Beijing to Qinhuangdao, Baotou and Taiyuan, and from Taiyuan to Jiaozuo have been electrified, and two new railways from Xinxiang to Heze and from Yanzhou to Shijiusuo have been built with foreign capital.

A total of 25,250 km of new highways have been built, and coastal ports have increased their cargo handling capacity by 178.46 million tons.

Raw Materials. Since 1979, China's iron-smelting capacity has increased by 6.11 million tons, its steel-making capacity by 7.59

million tons, its chemical fertilizer-making capacity by 3.41 million tons, its cement-making capacity by 28.55 tons and its timber felling capacity by 4.12 million cubic metres.

Among the major construction projects completed are: the first stage of the Shanghai Baoshan Iron and Steel Complex, six large chemical fertilizer plants imported with foreign investment, and three cement factories capable of producing 1 million tons a year. Such projects have played a vital role in increasing China's productive capacity and laying the foundations for future expansion.

Enterprises Modernization

From 1979-87 enterprises and institutions invested 404.1 billion yuan in updating and modernizing their equipment and other fixed assets—2.8 times as much as in the 1953-78 period. The average annual increase in investment was 19.3 percent, far exceeding the 8.7 percent average in capital construction.

In 1987, state-owned enterprises spent 41.6 percent of their total investment funds on transformation and modernization of their means of production, well up on the 25.1 percent of 1978.

Since 1981, some 112.3 billion yuan has been invested in modernizing light industrial, textile, machinery and electronics enterprises—39.1 percent of all China's investment in technical upgrading. The amount also surpasses the funds these industries invested in capital construction. Indeed, the production of cigarettes, sweets, processed meat, cotton spindles, looms, and printed cloth has risen more as a result of modernization of old plants than through construction of new ones.

Specific instances of technical upgrading boosting production include:

- The textile industry has

achieved remarkable results by diversifying and raising the quality of its products.

- Many light industrial enterprises have acquired the capacity to develop new products.

- Goods which previously could only have been brought from abroad are now made domestically, such as various kinds of plastic bags and other goods made with injection moulds.

Modernization of existing enterprises has also proved particularly beneficial in expanding production of household electrical appliances. From 1983-85, the machine-building industry carried out 700 projects to improve machinery design, which led up to the manufacture of several thousand new products.

Since 1979, China has spent US\$12 billion on importing advanced foreign technology and equipment. During 1983-85 alone, 3,900 pieces of machines, equipment and production lines were bought for light industrial companies, machine-building factories and textile enterprises. Apart from upgrading China's already existing products in these fields, this technology has enabled China to cut down its reliance on imports of certain goods and to develop various entirely new products.

Imported technology has enabled many enterprises to rid themselves of outmoded ideas as well as outdated equipment.

Urban Public Facilities

Since 1979, the Chinese government has invested 2.3 times more capital in housing and urban public facilities than it did in the 1953-78 period. Last year, 34.5 percent of all investment was spent on such projects compared with 20.9 percent in 1978.

As a result, 1.3 billion square metres of housing has been built in the last nine years, according to a

sample survey conducted in cities across China, living space per person doubled from 4.2 square metres in 1978 to 8.4 square metres in 1987. The proportion of households that have more family members but less living spaces dropped from 38.6 percent to 16 percent. In the countryside, 6 billion square metres of new housing has been built, increasing the living space per rural inhabitant from 8.1 square metres in 1978 to 16 square metres in 1987.

Since 1979, China has invested 47.1 billion yuan in construction of public utilities, 4.6 percent of the total investment in 1987 (compared with 3.1 percent in 1978). Last year, 32.6 percent of city households had gas stores,

and 86.6 percent had tap water. In urban areas, 3,425 km of roads have been built or improved and a number of modern overpasses constructed. Supplemented with 21,000 new public transport buses, urban traffic conditions have improved.

Since 1979, China has invested 72.3 billion yuan in education, science, culture and public health. Schools have increased their enrolment capacity by 24.78 million students. China's education establishments have 102.41 million square metres of new floor space, and its scientific research institutes have increased in area by 14.96 million square metres.

In the public health fields, China's hospitals have received 550,000 new beds in the past nine

years, making a total 29.6 percent greater than in 1978.

Although China has reaped much benefit from its capital investment, it is worth noting the problems that have emerged. First, excessive investment in capital construction projects has placed too great a strain on state financial and material resources. Second, the proportion of investment in primary industry and infrastructure remains too low, while that in processing is a little too high, and investment in agriculture has decreased. Finally, much investment capital has been spent inefficiently: construction periods are often too long, projects frequently run over budget, and many funds are seriously wasted. ■



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Mao's Plan Goes 'Up in Smoke'

"KEJI RIBAO"

(Science and Technology Daily)

On April 27, 1956, the Central Committee of the Communist Party of China was holding its work conference in Zhongnanhai's Huarentang (Huaren Hall), Beijing.

A secretary, during recess, delivered a thick booklet into Chairman Mao Zedong's hand. Chairman Mao, smiling, opened it and spoke in a Hunan accent: "The calligraphy is pretty good." Then he read the contents, which had been drawn according to his proposal. The full text is as follows:

Proposal Concerning Cremation

Natural rules humanity from birth until death. After death, people should be properly arranged and mourned. This is natural and normal in human relationships. In Chinese history and among all nationalities in the world, there are various ways to make arrangements for the deceased. Among them, the major methods are inhumation and cremation. Burial, in particular, continues to be the most widely used.

Inhumation occupies land and wastes wood. In the old society, many families went bankrupt after burials because the grand funerals were regulated by an ethical code of the former feudal ruling classes. In contrast, cremation does not require the occupation of land

or use of coffins. It may save a lot of burial costs and does not affect people's memories of the dead. Although few people, in ancient and present times, use this method, we should recognize that it is the best way to arrange the dead. In some countries cremation is now in common use. Therefore, we propose that cremation be practised on a voluntary basis, first among a small number of people, particularly leading government officials.

People in state organs in favour of this proposal please autograph this document. Those signing will agree to the practice of cremation after death. Signatories still living will guarantee cremation for those who die before them.

After reading the proposal, Mao Zedong repeatedly said, "Good, good." Because the proposal had solicited opinions beforehand from everyone and was signed on a voluntary basis, Mao Zedong, without passing the proposal around, put brush to paper, "Mao Zedong, April 27, 1956."

Mao Zedong put the brush down and said with smiles, "Who will be the next?" Zhu De, standing in Mao's right, took the brush and put his signature on the paper after Mao. He was followed by Peng Dehuai, Kang Sheng, Liu Shaoqi, Zhou Enlai, Peng Zhen, Dong Biwu, Deng Xiaoping, Zhang Ziyi, Tan Zhenlin, Yang Shangkun, Ke Qingshi, Tao Zhu, Li Jingquan and others.

Of all members attending the conference, 151 signed the paper. Later, some leading officials who did not participate in the meeting

or were not in Beijing at that time also expressed their support for cremation. Chen Yun wrote a special letter to Yang Shangkun, then the head of the General Office of the Central Committee of the Chinese Communist Party. The full text is as follows:

Comrade Shangkun:

At a conference of the Central Committee held a couple of years ago in Beijing, many comrades put their signatures to a proposal volunteering to practise cremation after death. I did not sign it because I did not attend the meeting. But I am all for it. Please accept this letter as my added signature.

At the same time, I approve of postmortem examinations, which bring no harm to the dead, but are good for the development of medical science. So, I'll be willing to consent to an autopsy if my doctor thinks some of my organs should be dissected to verify pathology.

Best wishes.

Yours sincerely,
Chen Yun
October 2, 1959

Chairman Mao's proposal did not start cremation in China. But from then on, it was very difficult to find high-ranking officials practising inhumation in Beijing's Babaoshan Revolutionary Cemetery after they died. According to their wishes, their corpses were cremated and their remains placed in cinerary caskets or scattered on China's rivers, seas, lakes, lands and mountains.

However, Chairman Mao Zedong, initiator and first signatory of cremation, was an exception. Contrary to his wish, his body was moved from Zhongnanhai to the Memorial Hall.

(July 18, 1988)

Side-Effects Normal for Baldness Cure

"RENMIN RIBAO"

(People's Daily, Overseas Edition)

Zhao Zhannguang, inventor of Zhangguang Brand 101 Pilatory Liniment, gave an interview to a reporter not long ago and answered his questions.

Zhao said, "Since 101 pilatory liniment was put on market, the product has received international recognition. At the 36th Brussels Eureka World Fair for Invention in 1987, I won the first grade Knight Medal, and at the 16th Geneva International Invention and New Technology Exhibition in April 1988, I won the Oscar Gold Cup and Product Gold Medal.

"I have been engaging in the treatment of trichomadesis for more than ten years and have dealt with more than a hundred thousand patients. I am confident of my 101 pilatory liniment. In regard to a few Japanese patients who found macula in their heads after using the liniment, there is nothing strange about it. Among my former patients, the number with an allergic reaction only accounted for 5 per thousand.

"Zhangguang 101 is a new liniment extracted from various rare Chinese medicinal herbs for treating baldness. It can invigorate circulation of the blood, freeing the main and collateral channels of the body and making hair grow again. It stimulates the skin in a persistent congestive manner, bringing on the new growth. If an allergic reaction is found during treatment, it will disappear only after medication has stopped for three to five days or after taking antidote, Zhao said.

"It is normal for the scalp to become red or black after using 101. This indicates an improvement in blood circulation resulting from capillary expansion, as well

as being a sign of its curative effect."

"To date, more than 30 imitations of 101 pilatory liniment have been found in China and abroad. I hope buyers will make a clear distinction between the true and false," Zhao completed.

(September 24, 1988)

The Growing Chinese Population

"ZHONGGUO JIHUA SHENGYU BAO"

(Chinese Family Planning)

Chinese population growth.

The Chinese population totalled 13 million during the primitive society stage, about 20 million in 221 BC, 60 million in 2 AD, and 100 million in 1730.

The country's population increased from 601 million in the first national census in 1953, to 723 million in the second national census in 1964, and from 1.003 billion in the 1982 national census to 1.07 billion in 1987. Now the number of Chinese accounts for 22 percent of the world's total population, or one-third of the total for developing countries.

Achievements and family planning prospects. China's family planning has achieved remarkable success. From 1970 to 1985, the birthrate dropped from 33.43 per thousand to 17.8 per thousand; the natural population growth rate fell from 25.83 per thousand to 21.23 per thousand.

The death rate dropped from 25 per thousand in 1949 to the present 7 per thousand.

The average number of children born to each woman fell from 5.81 in the 1950s to two in 1985.

The infant mortality rate

dropped from 200 per thousand in 1949 to 34.86 per thousand in 1981.

The average life-span increased from 35 to 68.9 years.

The prospects for family planning were not looking bright as the 360 million young people born in the second flood of births from 1962 to 1975 began to marry and bear children. The population growth rate and natural growth rate once more begin to pick up as a result.

Burdens. At present, population growth stands at 14 million per year. Each person in China on average consumes 400 kilogrammes of grain, making it necessary for an extra 5.6 billion kilogrammes of grain per year to be found. This places a heavy burden on China's agriculture.

Each year more than 20 million babies are born in China. Later, they will need to be educated in schools or universities. If each one requires 100 to 180 yuan for education, the government must increase its spending on education by 3 to 3.8 billion yuan per year.

In the coming few decades, about 15 million young people will start to seek work each year. It will be a hard task for the government to provide enough job opportunities for them.

(June 27, 1988)

China's Balance of Payments in 1987

In 1987, China's balance of international payments moved into the black after two years of deficit. Total international income reached US\$59.7 billion, and expenditure amounted to US\$54.85 billion, generating a surplus of US\$4.85 billion.

I. Current Account

At the end of 1987, China had a favourable balance of US\$300 million on its current account.

1. Foreign Trade. In 1987, China's exports totalled US\$34.73 billion, an increase of 34.9 percent on 1986. Imports rose to US\$36.4 billion, just 4.3 percent up on 1986. The US\$1.66 billion deficit in foreign trade was US\$7.48 billion down on 1986.

The principal reasons for the sharp rise in China's exports were:

a) The depreciation of the US dollar combined with the appreciation of the Japanese yen, Deutsch mark and South Korean won has made Chinese goods more competitive on the world's markets.

b) The rise in oil prices increased the value of China's oil exports by US\$1.08 billion.

c) Chinese government departments vigorously implemented various export-oriented policies which aroused the enthusiasm of many sectors of the economy.

2. Non-trade Income. In 1987, non-trade income totalled US\$5.41 billion, a rise of 9.8 percent on 1986. Tourism revenue rose by US\$320 million and foreign trade related transportation rose by US\$200 million.

Non-trade expenditure rose 15 percent on 1986 to US\$3.68 billion. Expenditure on transport increased by US\$340 million, and interest payments (including service charges) increased by US\$280 million.

China's surplus on non-trade

Balance of Payments in 1987

Unit: US\$ million

Project	Balance	Debit	Credit
Total	4,852	54,850	59,702
A. Current Account	300	40,236	40,536
1. Foreign Trade	-1,661	36,395	34,734
Exports	34,734		34,734
Imports	-36,395	36,395	
2. Non-trade Contracts	1,737	3,676	5,413
Freight Transport	-172	1,328	1,156
Transport Charges	-282	1,186	904
Insurance	110	142	252
Port Supply and Labour Service	-166	455	289
Tourist Payments	1,458	387	1,845
World Passenger Freight	(152)		(152)
Investment Payments	-215	1,191	976
Profit	8	2	10
Interest	-280	457	177
Bank Payments	57	732	789
Other Non-trade Contracts	832	315	1,147
Post Payments	-2	14	12
Government Payments	54	150	204
Labour Service Payments	51		51
Other Payments	729	151	880
3. Voluntary Conveyance	224	165	389
Contracts with World Organizations	24	34	58
Free Aid and Donations	-49	120	71
Overseas Remittances	162	3	166
Residents' Other Payments	86	8	94
B. Capital Contracts	6,002	13,164	19,166
1. Long-term Capital Contracts	5,790	3,950	9,740
Direct Investment	1,669	645	2,314

Direct Investment From Other Countries, Hong Kong and Macao	2,314		2,314
Direct Investment in Other Countries, Hong Kong and Macao by China	-645	645	
2. Security Investment	1,051	140	1,191
Security Investment in China by Other Countries, Hong Kong and Macao	1,191		1,191
Security Investment in Other Countries, Hong Kong and Macao	-140	140	
Loans From World Organizations	620	90	710
Foreign Government Loans	-411	1,187	776
Bank Loans	1,665	300	1,965
Local and Departmental Loans	949	634	1,583
Deferred Payments	-47	470	423
Deferred Collections	-103	136	33
Processing, Assembling, Compensatory Trade and Equipment Payments	229	85	314
Leasing	17	3	20
Foreign Loans	-219	239	20
Others	370	21	391
2. Short-Term Capital Contracts	212	9,214	9,426
Bank Loans	219		219
Local and Departmental Loans	-112	571	459
Deferred Payments	-106	638	532
Deferred Collections	34	8,005	8,039
Others	177		177
D. Errors and Omissions	-1,450	1,450	
E. Change in Reserve	-4,852	4,852	
Gold Reserve			
Foreign Exchange Reserve	-4,722	4,722	
Special Drawing Rights	-71	71	
Funds Invested in Money Markets	-59	59	

income was thus US\$1.74 billion in 1987.

3. Voluntary Conveyance. China received US\$390 million in single-sided transfer payments in 1987, and transferred US\$170 million to other countries, generating a favourable balance of US\$220 million.

II. Capital Account

In 1987, capital inflow totalled US\$19.17 billion, a drop of US\$1.57 billion on 1986. Capital outflow totalled US\$13.16 billion, down US\$1.63 billion on 1986. China's capital account thus had a net inflow of US\$6 billion, US\$60 million more than in 1986.

With 96.5 percent of the capital inflow in long-term capital and only 3.5 percent in short-term capital, China's debts have become better structured.

III. Reserve Assets

China's reserve assets (including foreign exchange and Special Drawing Rights) increased by US\$4.85 billion in 1987. Capital inflow is mainly responsible for the growth of foreign exchange reserves. By the end of 1987, China's foreign exchange reserves totalled US\$15.23 billion, of which the state had US\$2.92 billion and the Bank of China had US\$12.31 billion. ■

City Process Of Expansion

Beijing foreign trade enterprises have signed 134 contracts for foreign material processing and foreign spare parts assembling for exporting in the first eight months this year, with the total business volume reaching \$16.7 million, 8.3 times more than that of the same period last year.

Of the total business volume, that of the Beijing Metals and Minerals Import and Export Corporation accounts for 49 percent.

Reportage — China's New Journalism

During the years immediately following the "cultural revolution," fiction blossomed in China. Writers such as Zhang Xianliang used the novel to explore and analyse the traumas of the 10 preceding years of social chaos. Readers eager to gain a wider perspective on their experiences eagerly consumed these works.

But slowly fiction went into decline. Authors went off in pursuit of a fusion of Western and Chinese literature. Often the Western influences predominated and their writing became removed from the interests of the common reader.

In its place, however, emerged "reportage"—China's answer to the New Journalism of American writers such as Tom Wolfe, Hunter S. Thomson and Michael Herr. Translated literally the Chinese term means "literary reporting," and like its American counterpart it is distinguished by the use of fictional techniques.

As China has opened to the world and undertaken its massive reform programme, reportage has found plenty of issues to reflect upon. But two themes have predominated. One considering the various successes and shortcomings of China's reforms, and the other dissecting numerous social issues.

1986 was the year when reportage really took off with the publication of a long piece on the Tangshan earthquake of 1976 which killed 240,000 people. The article caused a sensation by exposing hitherto unknown facts to the Chinese public about an event that had happened 10 years before.

But it was not just the content that stunned people: the assured style of the author and the great

momentum he used to unfold his story captured popular feeling. Since then, reportage has gone from strength to strength. The circulation of the magazine *Reportage* jumped from no more than 40,000 in 1985 to 100,000 in 1986, and 150,000 in 1987. And when *People's Literature*, one of China's foremost literary periodicals, included a reportage piece on teachers, its sales leapt to an all-time high of more than 200,000.

But reportage is not without controversy. After writing several highly acclaimed articles in 1986, Su Xiaokang wrote most of the script for a television series titled *The River Died Young*. This took the Huanghe (Yellow) River as an embodiment of the Chinese nation to trace the history of ancient China. Finally it announced, "Our great and proud civilization centred on the Yellow River died young many years ago."

The series caused an immediate sensation, arousing a whole series of protracted and heated debates on the current relevance of China's traditional culture and ethics that are still under way.

In general, Su's work has concentrated on exploring two paths. A strong critic of feudalism and bureaucracy, he is an enthusiastic supporter of a fully developed legal system for which he has argued in pieces such as *Great Inspiration* and *Free Memorandum*.

At the same time he likes to draw on the history of culture and philosophy to consider contemporary society and its problems. Apart from his television series, his most representative piece in this area is *The Great Changes of the Male and the Female*. This is one of the many articles he has written in the last three years on marriage and its

ethics. Focusing on the divorce peak which followed the introduction of a new Marriage Law in 1981, Su argues that many problems arise in Chinese marriages because their underlying ethics remains rooted in feudal beliefs. After analysing the various social tragedies this causes, he concludes with a fierce affirmation of the right to allow emotion to determine choice of partner.

Jia Lusheng is another eminent reportage writer. But instead of creating broad social canvases like Su Xiaokang, he concentrates on depicting people around the fringes of contemporary China. Some of his titles are self-explanatory: *A Group of Wandering Beggars*, *A Large Prison in Western China*. Other fragments of society he has dissected with his deftly wielded scalpel include unofficial booksellers in *The Second Channel*, the extravagant funerals of Wenzhou City in south China in *Eternal Waste Tombs*, and the everyday life of mortuaries in *The Nether World and This World*.

Jia's other pieces have taken a close look at the kinds of problems thrown up by developments in Chinese society. In *Strange Circle*, for example, he puts the case for relying on the tried and tested traditional modes of production in present-day China rather than blindly pursuing the acquisition of high-technology simply because it is "modern."

Su Xiaokang and Jia Lusheng differ in more than subject matter. Su tends towards the philosophical, giving his work an all-embracing, universal tone—maybe his subject is best summed up as the nation. Jia, on the other hand, deals more with the individual and the specific. He once remarked that he could relate

an evil deed with great enthusiasm.

He is also reluctant to spell things out too clearly, claiming that the reader should form his or her own opinion on where the problems lie. It has been suggested, however, that this approach combined with his mastery of Chinese style and tendency to throw one idea after another in rapid succession have lessened the impact of his discussions of serious social problems.

One of reportage's up-and-coming stars is Mai Tianshu. His forte is to pull wide-ranging social analysis from specific instances. In *The Land and the Local Despot*, for example, he relates the history of a Party secretary who ruled a mountain village in south China for 40 years. But rather than concentrating on the foibles of his central character, he examines the emergence of local power structures and the roots of bureaucracy.

Migration in the West unfolds in a similar way. It takes a long-running economic problem to offer an example of how a burgeoning economy can encourage people to forget their responsibilities to both society and their work. Mai writes, "When society brings its advantages into play, it also unknowingly introduces a form of decadent dependence where the acquisition of material possessions is accompanied by spiritual backwardness."

The elopement of young rural couples is his backdrop in *A River Flowing With Love* for a discussion of traditional marriage ethics. Like Su Xiaokang, Mai calls for freedom of choice, "People should live in accordance with the way they love and are loved."

In answer to criticism that his writing pays undue attention to rational thought at the expense of style, Mai answers that he concentrates on the pursuit of

literary socialization and socialized literature.

As China's reform programme continues to unfold, it is unlikely that reportage journalists will be faced with a shortage of subjects. For the next few years, plenty of challenges will be thrown up between the old and the new. In my opinion, however, if reportage is to continue to prosper its writers will have to concentrate on overcoming their strong subjective consciousness and the tendency to select a grandiose title and then neglect the content of their piece.

by Wei Liming

China Joins World Data Centre

On September 5, China joined one of the world's major computer networks—the World Data Centre (WDC). Its president Stanley Ruttenberg called the move a major step towards introducing a computerized communications network.

The World Data Centre is a data organization under the International Council of Scientific Unions (ICSU). The committee on Data for Science and Technology (CODATA) also under ICSU, mainly handles science and standardization data. China joined this organization in 1984.

The World Data Centre, established in 1957, is a major international agency for the storage, exchange and processing of scientific data related to astronomy, geosciences, environmental science, and biology. It has already set up centres in the United States, the Soviet Union, Western Europe and Japan. The China World Data Centre has nine branches.

Sun Honglie, vice-president of the Chinese Academy of Sciences, said that China's entry into the WDC is significant.

by Wei Liming

Charlton Heston Directs in Beijing

At the invitation of the Ministry of Culture, American stage and film star Charlton Heston arrived in Beijing on September 15 to direct rehearsals for the Beijing People's Art Theatre's production of the American drama *Mutiny*.

Speaking at the Great Wall Sheraton Hotel, Heston said he hoped his visit would play an important role in bridging Chinese and Western culture.

The Chinese actor Zhu Xu, who played the elderly emperor Pu Yi in the television series *The Last Emperor*, said that Heston's trip to China to work on *Mutiny* should have far-reaching significance on the arts in general and might be a turning point in contemporary Chinese drama.

Heston's trip to China is sponsored by Bette Bao Lord, wife of the American Ambassador to China, and James A. Doolittle, who plan to establish a non-profitable foundation aimed at promoting further exchanges and co-operation between American and Chinese drama circles.

Heston, who is on his first visit to China, won an Oscar for his major role in the film *Ben Hur*. He has been the president of the US Screen Actors' Guild seven times running.

The drama *Mutiny* will be staged on October 18. Its writer Herman Wouk and various other screen celebrities are due to attend. The British television company, Thames TV, is making a one-hour documentary about Heston's China trip to be shown in Europe and the United States. In addition, a Charlton Heston film festival will be held by the American Embassy and the Chinese Film Artists' Association in late October.

JV Hotels Face Cut-Throat Competition

China now has more than 1,380 hotels for foreign tourists, of which 160 are Chinese-foreign joint ventures. Their prospects are not so bright due to the cut-throat competition in the hotel trade.

According to official statistics, the average rate of renting out rooms in 15 main joint-venture hotels was 68.5 percent in 1987—a 7 percent decrease compared to that of 1986. The average profit rate was 19.8 percent. That is 7.3 percent less than in 1986.

In contrast, the average rate of renting out rooms in 102 main state-funded hotels was 83 percent, and the average profit rate was 37.8 percent. Those figures represent only a 5.6 percent and 1.6 percent, decrease, respectively from those of 1986.

Experts consider this unfavourable trend of development difficult for joint-venture hotels to reverse because the supply of hotels exceeds the demand. Compared with state-funded hotels, the joint-venture hotels in the long run have two disadvantages:

First, most of the building costs of joint-venture hotels are usually higher than those of state-funded hotels. The average building cost for each guest room is US\$70,000-110,000, compared with only US\$20,000-40,000 for state-funded rooms. Because the building price is high, the rent is naturally high. According to statistics, the average daily rent for each standard room in joint-venture hotels was 231 yuan in 1987, while that of state-funded hotels was 96 yuan. This made joint-venture hotels less competitive.

Because most of the visitors who come to China belong to the middle and lower strata, they prefer to stay in middle- and economy-grade hotels. A large

number of state-funded hotels just meet their needs. This is the main reason why joint-venture hotels face a lowering rate of room occupancy.

Many joint-venture hotels have their own system for booking rooms all over the world. But this system can provide only about 30 to 40 percent occupancy of guest rooms. For example, a high-class hotel run by Sheraton in Beijing only rented out about 15 percent of its rooms during the slack season in 1987.

Second, joint-venture hotels are usually administered by foreign hotel groups and are expected to pay high managerial fees each year. The Beijing Great Wall-Sheraton Hotel, for instance, has to pay over US\$3.5 million managerial charges to foreign managers in addition to its local managerial fees. This sum is higher than the total wages of Chinese workers and staff in the hotel. Other joint-venture hotels administered by foreigners throughout the country have to do the same.

In the past few years, due to the lack of middle- and high-class administrative personnel in hotels in China, it was necessary to employ foreigners to run the hotels. Furthermore, hotels were few at that time so the payment of high wages was compensated by expensive rents. Now when there are more hotels than needed, it is a heavy burden for joint-venture shareholders to spend such sums for foreign managers while making average profits lower than state-owned accommodations.

Some businesses are not well managed either, according to information from hotel personnel. Different administrative standards and a lack of familiarity with Chinese social culture and its background have caused some

mismanagement. The Kunlun Hotel in Beijing and the Crystal Palace Hotel in Tianjin, for example, stopped contracting foreign managers and replaced them with Chinese personnel because of these problems.

After studying and gaining work experience in the past few years, China now has many excellent middle- and high-class managers. Among them are the managers of the White Swan Hotel in Guangzhou, Jinling Hotel in Nanjing and Beijing Hotel in the capital. They are efficient enough to shoulder the burden of full responsibilities in running modern hotels, and some of them have already been employed by joint-venture enterprises. The Yanxiang Hotel in Beijing has sent staff to manage the joint-venture Meilidu (Beauty Capital) Hotel in Wuxi, and the Jinjiang Hotel Group in Shanghai has sent staff to manage the Kunlun Hotel in Beijing.

When China first opened its door to the outside world, many investors believed that they could obtain profits by running hotels in China. They were especially encouraged by the success of two foreign joint-venture hotels. The profitable Beijing Jianguo Hotel opened in 1982 and the Beijing Jinglun (Beijing-Toronto) Hotel in 1984. Consequently, many foreign real estate investors flocked into the Chinese market.

Today, 160 joint-venture hotels have started business and another 160 are under construction. Forty-two are to be in Beijing. These hotels will be open for business within one or two years. If investors do not take building costs and administrative fees into consideration, they will find themselves in a predicament and faced with fierce competition.

by Han Guojian



Actor.



Tiger.

ART PAGE



Weaving.



Owl.

Papercuts by Su Lanhua

Su Lanhua, a rural woman, was born in 1905 in Xinjiang County, Shanxi Province. As a folk artist, she practises embroidery, sculpturing busts and folk painting. Her papercuts combine simplicity with a bold design, producing a highly decorative effect.

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