

A CHINESE WEEKLY OF NEWS AND VIEWS

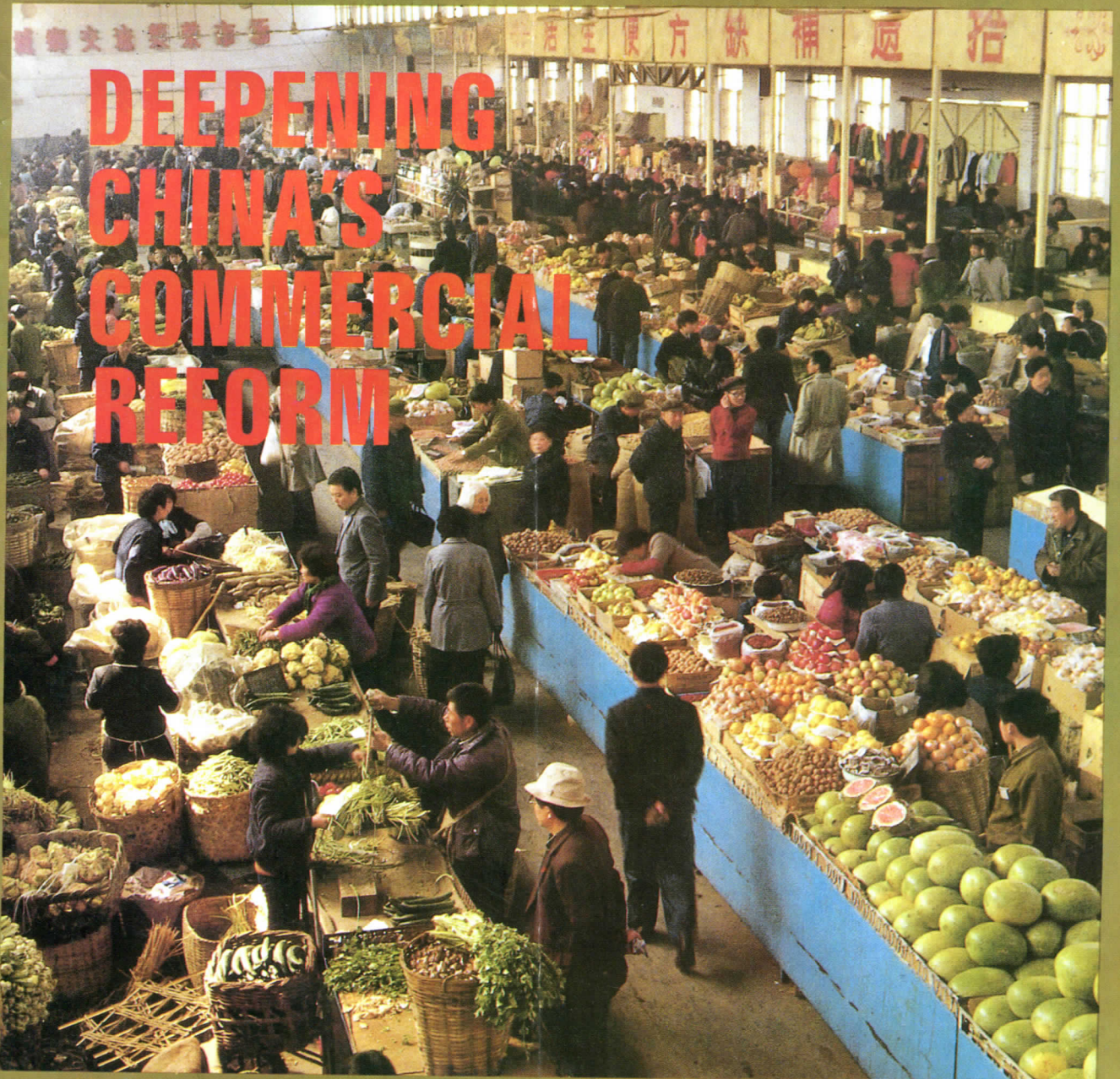
# Beijing Review

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## Foreign Minister Qian on Improved World Situation



DEEPENING  
CHINA'S  
COMMERCIAL  
REFORM



Sharing the Household Chores.

by Xu Xiangjun

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food.

**Chen Zonglie**

## HIGHLIGHTS OF THE WEEK

### Remarkable Improvements in World Situation

■ Chinese Foreign Minister Qian Qichen reviews changes in the international situation since World War II. He also calls for the establishment of a new international political order based on the Five Principles of Peaceful Co-existence. In face of a world full of contradictions and conflicts, this will ensure that "every country can concentrate on its own development in a peaceful environment" (p. 14).

### Moscow Reduces Arms by 500,000

■ Soviet leader Mikhail Gorbachev's recent proposal to cut back on armed forces was both welcomed and weighed in light of the Soviet pressing economic concerns (p. 10).

### Zhao On Party's Theoretical Work

■ At a symposium to mark the 10th anniversary of the 3rd Plenary Session of the Party's 11th Central Committee, Zhao said the practice of reform needs the guidance of a scientific theory (p. 5).

### Taking Stock of Commercial Reform

■ Many outstanding successes have been recorded since China started reforming its commercial system in 1979—retail turnover has increased 3.73 times and the number of retail outlets has risen 9.6 times. But simultaneously, a series of serious problems have emerged, in particular, many commodities do not have their true value reflected in their prices and some state-owned commercial enterprises remain inefficient. The tasks confronting China are deepening and rectifying its commercial reform (p. 17).

### Greater Investment for Agriculture

■ The development of agriculture, and grain production in particular, occupies an important position both in China's Seventh Five-Year Plan (1986-90) and the economic targets for the end of the century. It is also vital in realizing the economic readjustment of the next two years. To speed up its development, the government has decided on a programme of increased investment, largely using funds accumulated by local governments and rural areas (p. 4).

# Greater Investment for Agriculture

by Wei Min

Problems in agriculture are now the greatest factor restricting the development of the national economy. Agricultural growth, especially in grain production, has a major position not only in the Seventh Five-Year Plan (1986-90), but also in the economic development targets for the end of this century. It is also vital to realizing the objective for the next two years of improving the economic environment, rectifying the economic order, curbing inflation and restricting soaring price rises. To accomplish this, the government has decided to appropriately slow the pace of economic growth by reducing the scale of capital construction, while simultaneously quickening the development of agriculture, especially grain and cotton production.

This decision was based on the fact that since 1985 China's grain production has stagnated for four consecutive years. During each year of this period, the population has grown in excess of 10 million people, cultivated land has decreased 3-4 million *mu* (15 *mu* = 1 hectare), and grain consumption has risen 100-150 billion kilograms. Unless this situation is changed, it will seriously affect the progress of reform, the development of the entire national economy, social stability and continued improvements in living standards.

As Deng Xiaoping has said, agriculture is primarily a question of grain, if there is any setback with agriculture, it cannot be rectified in three to five years.

Between 1978 and 1984, China's annual grain output increased from 300 million tons to 400 million tons. During this period,

although the area sown with grain dropped 8 percent, total output rose greatly, with per-hectare yield up 40 percent. The reasons are clear, the introduction of the rural household contract responsibility system that linked remuneration to output released enthusiasm pent up for years. Simultaneously the government prioritized agricultural development, stressing that "agriculture is the foundation of the national economy and grain is the foundation of agriculture," by stepping up investment in materials and water conservation projects.

Since 1980, however, investment in agriculture has not only stood still, but in many areas has fallen. Investment in water conservancy, for example, has substantially decreased. After several years, adverse effects have gradually begun to manifest themselves. Original facilities have become obsolete, the ability to resist natural disasters has been weakened, resources have been over-used and fertility has declined. With bad weather, crop output drops.

Now the government has again emphasized the importance of agriculture, especially grain production, and there are hopes for a rich harvest in 1989. To continue increasing the vigour of agriculture, the primary need is deepening the reforms by stabilizing and improving the contract responsibility system. Experience has proved that this system, which conforms to the level of agricultural development in most parts of China, still has great vitality. The introduction of appropriate economies of scale will help raise the fertility and productivity of land and so both benefit grain

production, and bring about the specialization, commercialization and modernization of agriculture.

The state will also increase investment in agriculture, principally in harnessing major rivers, constructing large-scale grain production bases, transforming medium- and low-yield farmland and backing other strategic construction projects.

Beginning next year, the state will use the increased taxes collected from township, village, rural and household enterprises primarily to develop agriculture; taxes collected on land use will all be directed to agricultural resources, and taxes on special agricultural products will be used entirely to raise the purchasing price for contracted quotas of grain and supporting grain production. At the same time, foreign loans will be channelled into agricultural and water conservancy construction projects.

In addition, the government will draw a fixed amount of money from its gross unbudgeted funds for an agricultural development foundation fund. It will also vigorously develop industries which serve agriculture and expand the supply of capital goods required by agriculture.

Due to its financial limitations, however, the state cannot afford to increase investment by much overnight. For this reason, investment in agriculture should come largely from the funds accumulated by local governments and the rural areas themselves.

In parts of China, the agricultural development fund system is already well-established. ■

## Theory Guides Practice — Zhao

**C**hinese Communist Party Leader Zhao Ziyang on December 18 called on the whole Party to arm itself with the theory adopted at the Party's 13th National Congress as China's "great practice needs the guidance of a scientific theory."

The Party's 13th National Congress held in the autumn of 1987 gave a systematic outline of the theory on building socialism in China with Chinese characteristics. According to the theory, China has to go through a long primary stage in building socialism, and the fundamental task for socialism is to boost the productive forces.

Zhao, general secretary of the Party Central Committee, made the call at a symposium to mark the 10th anniversary of the historical Third Plenary Session of the Party's 11th Central Committee, a meeting that has been described as the prelude of China's nationwide reforms.

The theory is a result of collective efforts in the last decade and the integration of the basic principles of Marxism and the practice of China's reform and construction, Zhao said.

"During its formation, the theory has played a guiding role in our practice of reform and construction," he said. "In the future it will be further enriched and developed, and play an even greater part in our practice."

He said Party organizations at all levels should, "in the light of actual local conditions, continue to study the theory on building socialism with Chinese characteristics, apply the theory to make an analysis and solution of existing major problems and testify to the

truthfulness of the theory.

Party organizations should also strive to "further develop, enrich and deepen the theory by studying new situations and solving new problems in the light of the theory and Marxist stand, viewpoints and methods," he added.

"The role of a theory is to guide and support practice," he said. "And theory must respond to questions coming from practice," he said, adding that "A correct theory can heighten our far-sightedness and enhance our courage in practice.

"China is advancing and the world is changing. Numerous problems are arising, which call for answers. Some people say this has posed a 'crisis' for Marxism. Yet in fact, for Marxism, challenges mean new opportunities for development."

In upholding Marxism, we should persist in applying the basic principles and scientific approach of Marxism to our study of new situations, new things and new problems in the light of actual conditions so as to find out their innate laws of development and test our findings in practice," Zhao continued.

The present situation calls for new, major developments of Marxism and the Chinese Communists should make contributions in this regard, Zhao said.

Recalling the historic merits of the Third Plenary Session of the Party's 11th Central Committee held 10 years ago, Zhao said the session helped re-establish a Marxist ideological line for the Party.

He attributed the theme of the 1978 session to Deng Xiaoping,

who made a key-note speech prior to the session, condemning the then-prevailing "Leftist" ideology in the will of the Party and the people.

The symposium was co-sponsored by the Propaganda Department of the Party's Central Committee, the Central Party School and the Chinese Academy of Social Sciences.

## Ion Accelerator China's Largest

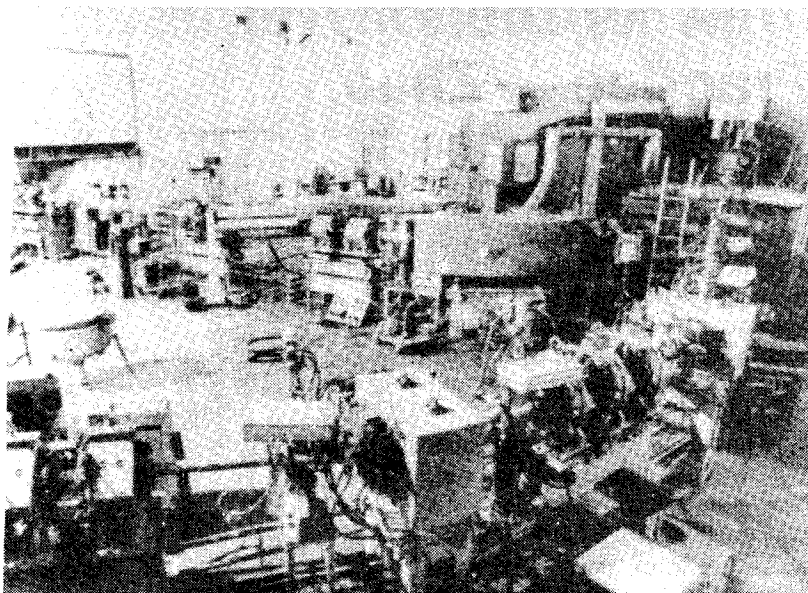
**C**hina's largest heavy-ion accelerator was completed on December 12 at the Modern Physics Research Institute in Lanzhou, capital of Gansu Province in northwest China. A carbon ion beam has been drawn forth.

This is another great achievement in hi-tech research in China, following the Beijing Electron-Positron collider. It is also one of the largest and most powerful accelerators in the world. Only France and Japan have similar accelerators of this scale.

A heavy-ion accelerator is a device that enables heavy particles to acquire energy through an electric field, according to scientists responsible for the project.

The Lanzhou accelerator comprises a planter, a major accelerator, eight experimental terminals and front and back ion-beam carriers. It can accelerate ions of the 73 elements listed before tantalum (Ta) in the Table of Chemical Elements.

Heavy-ion nuclear physics is a fairly new subject, which started in the 1960s. In the early 70s, the



A corner of the Ion Accelerator.

WANG ZHENSHAN

Lanzhou Modern Physics Research Institute of the Academy of Science started research in this field and raised the idea of building a large heavy-ion accelerator. In November 1976, the plan was designated as a key state scientific research item and put into practice. More than 100 institutions and enterprises all over the country took part in the design and installation.

This technology can contribute to the research of atomic, elementary and solid physics, material science and radiation medicine and biology. For example, a heavy-ion beam formed by the accelerator bombarding an atomic nucleus can help reveal the mystery of material structure and movement; heavy-ion beam radiation can change the nature of a material and the heredity of a creature.

State councillor Song Jian said that the accelerator will be open to use by institutions of higher learning, scientific research institutes and industrial departments in both China and other countries, especially those in the third world.

The achievement was highly praised by the state leaders. Zhao Ziyang, general secretary of the Chinese Communist Party, said at a national conference on China's development of nuclear technology held in Beijing recently that this year has been crowned with achievements, and attributed the success to the hard work of hi-tech workers. ■

## Grain Shortage: Man-Made Problem

China's grain production has been stagnating for the past for years. This year, because of natural calamities, the grain output in a few places has been even sparser. It is estimated by the Grain Bureau under the Ministry of Commerce that the country's general grain output in 1988 will tally around 400 million tons. Yet difficulties exist in the market supply largely due to human greed and inefficient distribution.

Most people cannot eat up their individual quota of grain, and the

short supply of grain in recent few months is chiefly man-made, according to Xu Zongren, director of the Grain Bureau.

Grain, as well as salt and sugar, was hard to come by in a few cities, such as Guiyang, Guizhou Province, during the past few months.

According to ministry figures however, by December 5 the state had attained 87.8 percent of its fixed quotas for grain purchasing. If the grain purchased at a negotiated price is figured in, the state has purchased 5.16 million tons more than the same period of last year.

The speed of purchasing and the quality of grain purchased are satisfactory, Xu said. "The market supply will be stable if food grain is supplied according to people's rations and in the specific districts where they live," he said.

The two-track pricing system that promotes grain production and invigorates circulation has had some adverse side-effects, however, Xu noted. For example, at present, the state-fixed price is still about 0.2 yuan per *jin*, but the marketing price has jumped to about 0.8 yuan per *jin*. This 1-to-4 ratio creates chances for many profiteers to buy low and sell high, pocketing the difference. Some of them have hoarded almost 10,000 *jins* of rice for speculation.

Even those state-owned grain supply centres have engaged in the illegal transactions of grain and grain coupons. During September and October of this year, some grain distribution stations in Tongchuan, Shaanxi Province, jacked up the price of more than 100,000 kg of ration flour that had been offered to citizens at the state-fixed sum.

Because of inflation, people were afraid the grain price would shoot up, and bought grain in a rush. Such a frenzy disrupts the state plan and results in a supply shortage, Xu said.

Furthermore, he added, as well as the direct dispatching, the slow pace of purchasing and processing grain influenced the grain supply.

In the past few months, a lack of funds and effective management in some places slowed the purchasing of grain, and the problem of demand exceeding supply became prominent.

China's grain production is out of joint. Some areas can be self-sufficient in grain only if the crop grows well without damages from natural calamities. Some inter-provincial management is a must to balance deficiencies and surpluses.

But the work is crippled by the insufficient transportation, Xu said. As an example, he cited grain surpluses in the Northeast which cannot reach those places in need on time because of the backward transportation.

State-fixed prices that undercut the value of the grain have also caused a series of problems. In order to keep the lives of citizens in cities and towns stable, the state carries out a financial subsidy to the grain rations of citizens and university students, and the grain of some catering trades. It also manages to keep the price of industrial grain stable. These interferences seriously deviate from the law of value, giving people the impression that the grain is not valuable. Therefore the subsidies indirectly encourage the wasting of grain. According to an investigation, thousands of kilograms of grain from the catering trades in Beijing are thrown away as swill each year.

The grain consumption of industry has become out of control just because of the low price. Last year, industry devoured 3.47 billion kg of low-price grain.

China is a large country with a population of more than ten billion people. How to guarantee each person sufficient food

requires well-conceived and effective measurements.

Xu said that the state will neither raise the price of the people's grain ration, nor declare grain coupons invalid next year in order to guarantee city and town residents' lives.

The Ministry of Commerce has

also re-strengthened the management of grain supply, he said. All grain supply centres must toe the line and sell customers grains strictly according to their rations so as to prevent panic purchasing and under-the-counter profiteering.

by Chen Qiuping

## Anniversary of Normalization of Sino-US Relations Marked

On the eve of the 10th anniversary of the establishment of diplomatic relations between China and the United States, celebrations are going on. Increasing exchanges and understanding between the two countries over the past decade have brought satisfaction to government officials as well as to scientists, artists and people from all walks of life.

"Though there have been ups and downs in the development of Sino-US relations, the general trend has been progressive," said Foreign Minister Qian Qichen at a reception he gave on Dec. 16 to mark the special occasion. Diplomatic relations between the two countries were normalized on January 1, 1979. "Experience in history has proven that despite the differences between China and the United States in social systems, ideologies and the levels of economic development, as long as both sides follow the historical trend of peace and development, and abide by the three joint communiques, the relationship between the two countries can overcome difficulties, and obstacles and stable progress can be obtained."

The foreign minister reiterated that the two countries should take as guidelines the principles of mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression,

mutual non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence, as stipulated in the Shanghai Communique signed between the two countries in February 1972, when Nixon visited China.

In his speech at the reception, US Ambassador Winston Lord said, "On this 10th anniversary of the establishment of diplomatic relations, our two countries can reflect on impressive achievements, both tangible and intangible. Because of our friendship, the global balance is steadier. Because of our efforts, in Asia we now regard each other as part of the solution, not part of the problem."

While speaking of the increasing exchanges between the two countries, Lord said the volume of bilateral trade will exceed US\$13.5 billion this year. He also said there are now 35,000 Chinese students studying in the United States and that Peace Corps volunteers will soon begin work in China.

Lord admitted there are differences in the levels of development, in the economic and political systems, and in the histories and values of the two countries. "We should respect our differences," he said. "But we should also reap nourishment from our diversity."

Minister Qian declared in his speech that the Taiwan issue

remains the major issue affecting steady development of relations between the two countries. He said he hopes the United States will uphold the one-China policy and contribute to the peaceful reunification of the country.

Premier Li Peng and President Reagan also exchanged greetings and praised development of Sino-US relations over the past decade. Li Peng said that the establishment of diplomatic ties between the two countries "is a milestone in the annals of Sino-US relations and is also of great international significance."

President Reagan said in his letter, "I take particular pride in the achievements which have marked the eight years of my presidency. During this time, our continuing high-level dialogue on important international issues has contributed to a safer, more secure world not only for ourselves but for other nations."

Leaders of both countries expressed their confidence in the further development of bilateral relationships in the coming decade. Chinese President Yang Shangkun met US Ambassador Winston Lord and US President-elect George Bush also indicated through Lord that after taking office, he will further consolidate and strengthen the existing friendly relations between the two countries.

A seminar on Sino-US relations sponsored by the Institute for American Studies under the Chinese Academy of Social Sciences was also held in Beijing, and the Chinese Association of American Studies was initiated.

by Shang Rongguang

## Dropout Rise vs Study Craze

The high dropout rate in the primary and middle schools of south China's Guangzhou is in

sharp contrast with the part-time study craze now socially prominent among young people. Such a seemingly contradictory trend actually makes a clear statement on China's social needs and traditional educational methods, according to some experts.

Statistics show that in four counties and four newly established districts under the jurisdiction of Guangzhou, about 4,017 primary and middle school students, or 3.3 percent of the total, have dropped out of schools between September 1987 and May 1988. In some schools, the dropout rate is as high as 20.6 percent.

On the contrary, 500,000 part-time students in Guangzhou have created a third traffic peak, following the normal morning and late afternoon rush hours. This is in the evening when they hit the streets to attend night schools, colleges, workers' universities and correspondence schools.

The analysts here have listed the following reasons why students drop out:

—The "it-is-no-use-to-study" syndrome is partially responsible for the high dropout rate.

—Some students quit because the odds are slim that they will be enrolled by universities and colleges.

—Consumptive needs and desires drive students to make a fortune rather than to make a name.

—The climbing prices and the various costs demanded by primary and middle schools press heavily on parents, who, in turn, force their children to drop out for economic reasons.

—Primary and middle school teachers are unsatisfied with their low pay and become devoted to a second profession in order to make money. Thus, being overworked and underpaid, they have no time or patience to help

those who have difficulties with their studies.

For the study craze, there are also some influential factors, according to experts.

Most part-time students want to hone their working skills in order to get a better shot at chances for promotion or higher pay in present jobs, or to find more rewarding jobs after obtaining diplomas.

Part-time vocational courses are the mainstay of the present study craze in Guangzhou City. Electronic appliance maintenance, dress designing and cutting, accounting, architecture, enterprise management, secretarial skills, English, Japanese, painting, public relations and cuisine are the popular courses offered by vocational schools.

Some of the part-time students are school dropouts who had to continue their education after they learned that it is not easy to gain a foothold in society without a speciality, the experts said.

Some experts believed that the high rate of school dropouts and the part-time study craze are all normal phenomenon, which can be adjusted automatically with the development of the economy. "People will study on their own initiative when the environment forces them to do so," they said.

Educators said the traditional education methods in middle schools have been out of line with reality. What the students learned in school has been of no use in their work after graduation. They suggest that the courses offered in middle schools be more practical. The college entrance exam should focus on testing students' ability to analyse, understand and judge instead of on marks.

Others debate that this kind of education—emphasizing practicality, neglecting basic and systematic study of knowledge—is harmful in the long run.



## Rocket Launched In Hainan

China's "Weaver Girl 1" rocket was successfully launched into space on December 19, adding another accomplishment to the country's burgeoning space industry.

The rocket, named after a legendary Chinese figure, was launched from Hainan's space exploration rocket launch site on the west coast of this island province.

At around 9 o'clock in the morning, the milk-white rocket shot to the clear blue sky.

The rocket's booster automatically left the head two minutes and 10 seconds later, when the rocket reached its designated altitude, and fell to a predetermined area in Beibuwan Bay about five minutes later.

The rocket's capsule, carrying space exploration equipment, floated in the atmosphere for two-and-a-half hours before it fell to the ground 64 kilometres from the launch site.

The launch site headquarters reported excellent performance by all the equipment involved in the test—including the rocket itself, exploration equipment, and launching, radar-tracing, remote monitoring, data collecting and processing systems.

All data sent by the rocket's equipment during its flight were collected by ground receiving systems, according to the report.

The launch marks the first time that Chinese scientists have gained direct access to mid-layer atmospheric data in a low-latitude equatorial area.

Scientists at the launch site said that the test has great significance for Chinese space research and technology and for promoting Sino-foreign space co-operation.

## Weekly Chronicle (December 12-18)

### POLITICAL

December 12

■ The Ninth National Congress of the China Zhi Gong Dang Party (the Party of Public Interest) opens today in Beijing.

Main items on the agenda of the Seven-day congress will include a report of the Party's Central Committee to be made by its acting party chairman, revision of the party's constitution and election of the Ninth Central Committee.

December 15

■ Chinese Foreign Minister Qian Qichen and Iranian Foreign Minister Dr Ali Akbar Velayati hold talks in Beijing today.

During the talks, Qian says that China is happy to see the progressing peace talks between Iran and Iraq since their ceasefire. He declares that China will, as always, support mediation efforts on the part of the UN Secretary-General and make due contributions to the realization of peace between Iran and Iraq at an early date.

December 16

■ In reply to a reporter's question about the United States' recent decision to hold direct talks with the Palestine Liberation Organization (PLO), the Chinese Foreign Ministry spokesman says that China has always maintained that the US should recognize the PLO and the legitimate national rights of the Palestinian people. The US decision is a positive step for which we express our appreciation.

### ECONOMIC

December 12

■ All 21 sets of generators, with a

capacity of 2,715 million kw, set up in the Gezhouba Hydroelectric Power Station on the Changjiang (Yangtze) River have been put into operation.

The largest of its kind in China, the construction of the station took about 11 years and three months to complete.

December 13

■ A cold-steel rolling mill of the Baoshan Iron and Steel Complex goes into full-load trial operation today, marking the beginning of the second phase of its construction, according to a company official.

The plant, one of the five most advanced in the world, will be able to increase its iron output to 6.5 million tons and its steel-making capacity to 6.7 million tons when the second phase of construction is completed.

### CULTURAL

December 12

■ A special service department recently has been set up by the Ministry of Personnel to help returned overseas Chinese students find jobs, the *Guangming Daily* reports.

The department will publish information about demands for personnel periodically to returned students and Chinese students still studying abroad.

December 13

■ A total of 120 selected oil paintings featuring nude figures will be shown at an exhibition scheduled to open in Beijing from December 22 to January 8, 1989, Xinhua reports.

Nude art has long been taboo in China. The daring idea of holding such an exhibition was conceived by a group of young and middle-aged teachers from the Central Academy of Fine Arts. ■

## SOVIET UNION

**Less Arms, More Bread**

*Soviet leader Mikhail Gorbachev recently declared at the United Nations General Assembly session that the Soviet Union has decided to reduce its armed forces by 500,000 in the next two years. This proposal was both welcomed and weighed in light of the Soviet pressing economic concerns.*

On December 7, Soviet leader Mikhail Gorbachev waved the olive branch of disarmament in a speech to the United Nations General Assembly. He was the first Soviet leader to address this body since former Soviet leader Nikita Khrushchev gave his address in 1960.

Gorbachev declared his unilateral decision to trim Soviet armed forces by half a million men over the next two years and to remove from Eastern Europe six tank divisions totalling 50,000 troops. He also said the Soviet armaments stationed in the European part of his country and in the territories of East European countries will be cut back by 10,000 tanks, 8,500 artillery systems and 800 combat aircraft. At the same time the Soviet leader made known an agreement with the government of the Mongolian People's Republic to send home a major portion of the Soviet troops stationed there.

His proposals indicate a defence policy that will allow him to drop the arms race in order to pick up money and manpower freed from armaments production to plough into his economic reform package.

Immediate praise and appreciations for the Soviet proposals were forthcoming from various countries. British Prime Minister Margaret Thatcher, who has always adopted a steely attitude towards the Soviet Union, expressed her warm welcome to Gorbachev's wide-ranging de-

fence cuts. Commenting on the Soviet troops reduction decision, US President Ronald Reagan said that the United States might have to adjust accordingly if the Soviet reduction leaves the US one-up on the number of troops. Even a foreign exchange dealer in New York said that less military spending would ease up the pressure of the US budget deficit and therefore be bullish for the greenback.

After a few days' lull, however, there have been some veiled criticisms about Gorbachev's proposals. These rumbles have especially come from the conservative leaders of the North Atlantic Treaty Organization (NATO), some experts and scholars, and not unexpectedly, from generals. The Pentagon so far has been mum. Former US Defence Secretary Harold Brown noted that Gorbachev's proposals should be prudently monitored. French Defence Minister Jean-Pierre Chevenement said that Moscow's intended European retreat is not a surprise and that "the art of Mr. Gorbachev is to announce what he must do before he is forced to do so." Later on Reagan at his 48th press conference stressed that the Soviet decision resulted from a "great economic crisis" created by a massive military buildup in past years.

Why has Gorbachev proposed lopping arms by 500,000? Some

analysts hold that the Kremlin leader made the decision for sound international and domestic reasons. A less stressful world situation has created external conditions for the move. The Soviet Union and the United States are successfully implementing last December's accord on scrapping their short- and medium-range nuclear arms. Meanwhile an agreement on halving their strategic nuclear arsenals is also likely. Warmer relations between the two superpowers in recent years have created a relatively stable international arena where once tensions were sparked by a long-standing and turbulent arms race, soaring military expenditure, and an edgy expansion of armed forces battling for military superiority.

The backpedaling on the arms push is seen as an indication of Gorbachev's own defence theory. Gorbachev told the United Nations that excessive armed forces should be replaced by a force of "reasonable sufficiency" or by a principle of defence. "That is a new historic reality before everybody," he said. After a major cutback of tanks, he said, the Soviet army "will become clearly defensive."

Gorbachev also stated that "foreign policies can no longer rely on armed forces or the threat by arms."

Such new thinking, along with the disarmament proposals, has been prodded by the West's criticism of the Soviet superiority in conventional forces.

The proposals were also made because of hardships incurred by heavy military spending. An estimated US\$150 billion spent annually on military production has proved a burden seriously hampering the Soviet national economy.

The country has seen a big step forward in its political reform, but economic reform still pokes

behind at a snail's pace. Given this situation, the drop in Soviet arms and reduction of conventional forces in Eastern Europe will nevertheless replenish the country's labour force, as well as relieve the military burden.

Earlier, the Soviet government decided to transform two-thirds of

its military industries into civilian ones, starting next year. This, as well, underlines the Soviet's immediate needs and will undoubtedly pep up the nation's economy and citizens' living standard.

by Zhu Chengjun and Wang Xianju

## SOUTHWEST AFRICA

### Peace Accord: A Historic Turn

*The long-expected peace accord on Namibian independence and a Cuban troop withdrawal has been signed, marking a historic turn of events in Southwest Africa. The peace process has been exemplary, and the results will surely benefit the whole of Africa.*

The year 1988 has seen the resolution or easing of many regional conflicts. After the Geneva agreement on the Afghan issue and a ceasefire between Iran and Iraq, now a major consensus on the peaceful settlement of another hot spot—Southwest Africa—has been reached. On December 13, Angola, Cuba and South Africa signed in Brazzaville, capital of the Congo, the long-expected peace accord on Namibian independence and a Cuban troop withdrawal.

This represents a major breakthrough in the US-mediated talks on cooling Southwest African conflicts, and marks a turning point in the history of the region. It will surely benefit the whole of Africa.

According to this Brazzaville Protocol, 50,000 Cuban troops, who have been lending limbs to the Angolan government's fight against the US- and South Africa-backed rebels, will leave Angola in 27 months, starting next April 1.

The protocol also stipulates that on the same day, Namibia, which has been under South Africa's thumb for more than 70 years, will start progress towards its independence in accordance with the UN Security Council Resolution 435.

The four-party talks on Namibian independence and the Angolan problem have travelled a slow and bumpy road since they started in London last May. In August, a ceasefire agreement was reached in Geneva, and in November, the talks set a timetable for a Cuban troop pullout and Namibian independence. After more than 10 rounds of talks in the past seven months, the four parties finally broke remaining deadlocks.

Angola won its independence from Portugal in 1975, but its people have never enjoyed a peaceful life. A long chaotic war and frequent aggression by South African forces have taken their toll on the Angolan people. The

country's economy has been pushed to the verge of bankruptcy. Angolan President Jose Eduardo dos Santos recently said: "Our heroic people, having suffered for a long time, have never hungered for peace as deeply as they do now."

The signing of the accord, which sets a definite date for Namibia's independence, is a victory for the Namibian people who have long struggled to boot out South Africa's occupational army and to gain a foothold on national independence. It is also a coup for the Southwest Africa People's Organization, a major political force that has been waging a guerrilla war for Namibian independence since 1966.

It has been 10 years since the UN Security Council adopted Resolution 435, which calls for South Africa to pull its troops out of Namibia and grant it territorial sovereignty. Now, the resolution has finally gotten off the ground.

This major achievement is also the result of longtime efforts by the front-line countries in southern Africa who support the region's national liberation movement. For many years, these countries have offered financial and moral backing in order to stifle conflicts and realize an early peace.

The Brazzaville Protocol will be tailed by a formal agreement that is to be signed in UN headquarter in January. But the promises on paper will still need to be fleshed out.

South Africa's realistic approach to the peace talks has been widely noticed. But the fact cannot be forgotten that South Africa's apartheid and its aggressive policy remain a regional eyesore leading to tension and instability. Nations in southern Africa need to keep their vigilance until Pretoria breaks from such policies.

by Guan Yunqiu

SOUTH KOREA

## Old Dirt Plagues Cabinet Clean-up

*South Korean President Roh Tae Woo recently announced a full government renovation, replacing 20 of the 23 cabinet members. But whether the new cabinet can help Roh shake his predecessor's bitter legacy still remains to be seen.*

**S**outh Korean President Roh Tae Woo cleaned out his cabinet on December 5, replacing 20 of the 23 members. Kang Young Hoo, 66, retired general, was appointed prime minister to take the place of Lee Hyun Jae. Cho Soon, economics professor with the Seoul National University, was promoted to the post of deputy premier and economic planning minister to fill the shoes of Rha Woong Bae. Former general Lee Sang Hoon took on Oh Ja Bok's job as defence minister. Career diplomat Choi Ho Joong was picked to head the foreign ministry and the ruling Democratic Justice Party (DJP) Lee Han Dong was named home minister.

Political observers believe that Roh was forced to sacrifice some people in the reshuffle in order to save his government, which is currently airing some of his predecessor's dirty laundry. But whether the new cabinet can help him set his government on higher grounds still remains unknown.

Roh's links to his unpopular predecessor Chun Doo Hwan, who ruled with an iron fist and smashed the Kwangju people's uprising, is still the crux of the current difficult situation.

Chun and his relatives are accused of embezzling huge sums in stocks and real estate and sending much of them overseas to the United States. Chun reportedly has socked away about US\$5.7 million in personal assets, including a 1.4 million-dollar

residence, about double the amount officially registered with the authorities in 1983.

His elder brother, Chun Ki Wan, 59, was arrested on November 12 on charges of embezzling more than US\$280,000 from a government-invested fish market. His cousin Chun Soon Hwan was arrested in November on the charge of taking 37 million won (about US\$52,000) in bribes from wealthy businessmen, and his younger brother, Chun Kyong Hwan, was sentenced earlier this year to seven years in jail for siphoning millions of dollars from official funds.

Chun's autocratic rule and his

family's corruption have been fertile grounds for strong opposition. Some have petitioned the Ministry of Justice to have a complete investigation into Chun's abuses during his term. But the ruling DJP and President Roh have managed to cop a plea for Chun and tried to settle the issue through political posturing. Under their arrangement, Chun made a public apology to the South Korean people in a televised speech on November 23. In it he laid claim to all his abuses and the corruption that soiled his eight-year term. In his *mea culpa* he specifically mentioned his suppression of the Kwangju uprising and announced that he was turning over his property, including US\$19.86 million of "political funds," to the state. After Chun's apology, Roh went to bat for him in a special speech demanding forgiveness from the South Korean people. He said that prosecuting Chun for political abuses is more a move of political revenge than justice, which is unhealthy for South Korea's democratic development.

**Chun Doo Hwan (left) and his weeping wife leave for the countryside on November 23, following his televised apology.**



Nevertheless, there was an angry backlash to Chun's public display of contriteness. Minutes after his speech was broadcast, about 200 students from Yonsei University in western Seoul clashed violently with police near his home, hurling rocks and firebombs and calling for his arrest and punishment.

Opposition leaders said that Chun's apology was a small but insufficient step on a long road that would lead to the full unraveling of abuses during his rule. They demanded that Chun answer a subpoena and appear before a parliamentary committee investigating corruption and human rights abuses during his term. In a move to keep Roh on his toes, they also said that his action in handling the crisis would be closely watched. Roh and Chun are former associates and served together as generals in the army.

Seeing that the eye of the storm is now directed at him and his government, Roh decided to put his own house in order so as to show a lack of allegiance to Chun and his ilk. However, Roh's moves have set off a further round of protests by the country's opposition parties. The Party for Peace and Democracy (PPD) led by Kim Dae Jung vowed to oppose Roh's appointment of Kang Young Hoon as prime minister. It said that Roh violated the constitution by simultaneously naming his cabinet and a new prime minister. It pointed out that the appointment of a new prime minister is subject to prior approval by the National Assembly, and that a cabinet is to be formed on the prime minister's recommendation.

Despite all this, government critics have noted that a large number of Chun holdovers remain and called the shake-up insufficient. Roh's turnover did not bring the desired results, and the tussle still continues. ■

GATT

## Deadlock Prevails in Latest Review

*A mid-term review of the "Uruguay round" of multilateral trade negotiations set up by the General Agreement on Trade and Tariffs ended on December 9. No substantial achievements were reached except for 11 agreements, with one designed to reduce trade barriers on tropical staple products.*

**T**rade ministers and other representatives from 103 member countries and regions convened in Montreal, Canada, on December 5 to volley views at a ministerial meeting on the "Uruguay round" of multilateral trade negotiations of the General Agreement on Trade and Tariff (GATT). This was a mid-term review of the round that was launched in September 1986 at Punta Del Este, Uruguay, and is scheduled to wrap up at the end of 1990.

The "Uruguay round" of talks is designed to liberalize and broaden the GATT in an effort to banish the tariffs and trade protectionism among member countries and regions. The negotiations are catalogued into commerce and labour service trade. In the past two years, the treaty participants have fed more than 200 proposals to the GATT committee, involving tariff reductions, non-tariff terminations, the halting of new protectionism and the strengthening of GATT operations. But they have little to show for their past two years' efforts. The Montreal meeting was just designed to give a brief replay of past talks and define the direction of future ones.

At the meeting, 11 agreements were reached. The accord to lower tariffs on bananas, coffee and other tropical staple products was reached among 29 countries, along with the 12-nation European Economic Community.

Concessions included trundling back tariffs—to zero in many cases—and sweeping aside non-tariff barriers to tropical products imported by the developed countries. Although details have not been released, the agreement is reputed to be a significant step towards answering third world pleas that their staple products be allowed easier entry into developed countries. The revenues, consequently, will help pay crippling foreign debts.

Protectionism and agricultural subsidies have been the hottest negotiation topics. But since the "Uruguay round" of talks began in 1986, no substantial achievements have been reached.

While the developed countries are trying to throw open the market gates and expand exports in the third world, developing countries are perturbed by protectionism and complain about the slim opportunities to gain access to international markets.

As for agricultural subsidies, the United States calls for a cancellation of all agricultural subsidies in 10 years and the fall of agricultural trade barriers so as to liberalize trade worldwide. Member countries of the European Community (EC), however, advocate freezing agricultural subsidies at their current levels and a short-term agreement on "gradual" and "balanced" reductions of them.

by Li Wen

# Year Marks Improved World Situation

**Chinese Foreign Minister Qian Qichen in this article illustrates the characteristics of this year and of the four decades since World War II. At the same time he sets forth China's position on the establishment of a new international political and economic order. Subheads are ours.**

The year 1988 is coming to its end. It is time for people to recall. We have no idea of what historians of future generations are going to say about the international relations in 1988. However, many world events have significantly improved the international situation. It is without the slightest doubt that 1988 will have an important place in history.

## Changes in the World Situation

In the more than 40 years after World War II, the United States and the Soviet Union have tried to outdo each other in the arms race, threatening seriously the world peace and humankind. Over the past years, numerous disarmament talks have been held to reach a number of arms limitation agreements. However, they are in no way to stop the growth of the US and Soviet armaments in number and in quality. The treaty on intermediate-range missiles, signed towards the end of last year, has been the first US-Soviet agreement on the reduction of several types of these nuclear weapons. In accordance with this agreement, this year the two sides has begun, under strict supervision, to dismantle and destroy their intermediate- and shorter-range missiles. Recently, the Soviet Union declared a reduction in the quantity of its armed forces and conventional arms in the next two years, in addition to the removal of part of its troops from Eastern Europe and most of its troops from Mongolia. The

international reactions were positive on the whole.

Over the past more than 40 years, local wars and armed conflicts have gone on incessantly. Between the mid-1970s and early 1980s, new regional clashes broke out one after another and intensified. People were worried about the future of world peace. But the situation changed in 1988. "Hot spots" in different regions and of different types have cooled towards political solution. Following the signing of the Geneva accord on Afghanistan, Iran and Iraq accepted the UN Security Council's 598 Resolution and ceased fire. The talks among Angola, Cuba, South Africa and the US have reached an agreement on a solution to the problems of southwestern Africa. Parties involved in disputes elsewhere are also seeking dialogue and solution. The growing tendency to seek and find political solutions for regional conflicts is welcomed by people round the world. It is especially worthy of notice that the UN has played an active part in promoting the solutions of major international disputes in recent years. This is in line with what the people wish.

Significant changes are also to be seen in other areas. Reform and opening up have become the trend of many socialist countries. Top-level contacts have become frequent between the Soviet Union and the US. The exchange between Eastern and Western Europe is lively. The head of state of Democratic Germany visited Federal Germany for the first

time. The European Community and the Council for Mutual Economic Assistance have signed an agreement on the establishment of official relations. A foreign minister conference was held for the first time among the Balkan states.

## Development of Sino-Soviet Relations

The development of the Sino-Soviet relations is another big world event. As it has been known to all, efforts from both sides in recent years have brought improvement to the relation. However, following the change in the 1988 international situation, the normalization of the relation has begun. Careful preparation is necessary for the long-anticipated Sino-Soviet summit. The recent visit to the Soviet Union by the Chinese foreign minister and the reciprocal visit of the Soviet foreign minister to China scheduled for early 1989 are just part of the preparation. The normalization of relations between these two big nations on the basis of the Five Principles of Peaceful Co-existence will be beneficial to peace in Asia and the world.

Statesmen and scholars the world over responded in many ways to the important changes in the world situation. Some said the world is in a "turning period." Some said we are "possibly at a cold war turning point." Others maintained that the world has entered a "post post-war" period. However, we believe that the world is turning from confront-

ation to dialogue and from tension to relaxation, with peace and development becoming the main trends. This situational change is the outcome of policies pursued by the various nations. However, fundamentally speaking, it is the result of evolution of the international situation over the past more than 40 years and the demand of historical development.

### **Three Characteristics of Post-War Era**

One of the prominent characteristics in the post-war years is the intensification of the national consciousness for independence. Along with the upsurge of national liberation movements, colonies and dependencies came to be independent states, and the colonial system went to pieces. At the same time, people came to notice that great numbers of small and medium-sized countries took great pains to safeguard their sovereignty, struggling for an equal status in the international community, and refused to bow to others. The dependency of small and weak countries on large and powerful countries has come to be a historical phenomenon. This is a big step forward in human history. It has made hegemonism and power politics run up against a wall in every direction and group politics to change.

Also characteristic of this period is a greater realization that solving international disputes by military means can get nowhere. Attempts to impose of one's will on others by military strength have suffered setbacks one after another. The wars of aggression waged by large countries against small countries were defeated by strong resistance. They brought untold sufferings to the invaded lands. On the other hand, the aggressors paid heavily. In addition, they found themselves

isolated internationally. The disputes between developing countries should have been settled through peaceful negotiation. Unfortunately, some developed into armed conflicts, bringing huge unnecessary losses to the parties involved hampering their efforts to accomplish their historic task of national development. The superpowers, who are able to start a world war, have enough nuclear weapons to destroy the world many times. However, they cannot but be especially careful not to collide head-on with each other. They declared that no one can win a nuclear war and no one can afford to wage it.

The third characteristic of post-war years is that science and technology made remarkable progress and were swiftly turned into productive forces to accelerate economic development. Some countries with a small military budget who were exempt from the flames of war concentrated their efforts on the development of science and technology, economy and education. Consequently, their national strength grew by leaps and bounds. On the other hand, the countries involved in the arms race and in armed conflicts had their economic development retarded. The Soviet economic growth has been at a standstill for years. One of the major reasons is the heavy burden of military expenses. The GNP of the US at one time accounted for 50 percent of the world's total. This has dropped to 23 percent. Japan's proportion was only 4.5 percent in the 1960s, but now it is 14 percent. The Western European countries suffered greatly in the war. Nevertheless, their total economic GNP is on a par with that of the US today. People have come to realize that an increase of military might is by no means the way to make a nation strong. The strength of a nation depends on a number of factors, especially the

development of the economy, and science and technology. Therefore, it is by no means accidental for peace and development to become the common concern of all countries.

The growth and decline of world forces have caused great changes in the polarization formed during the Cold War period. In the world today, people see on the one hand the increasingly important role in international affairs played by Western Europe, Japan, the developing countries, the regional politico-economic co-operative organizations in Asia, Africa and Latin America, and the non-aligned movement, while on the other hand there is the weakened position of the US and the Soviet Union as superpowers. Although they are still overwhelmingly strong militarily, they are seriously challenged economically, and their political influence dwindles. This is the so-called development of the multipolar tendency.

### **Establishment of New International Politico-Economic Order**

The current relaxation of the world situation has appeared against this background. Therefore it is by no means accidental and short-lived. It will stay on for a fairly long historical period.

China wants development, and it wants peace. The great events in 1988 and changes in the international situation as a whole make us see an even brighter prospect for peace. We are even more confident in our struggle for a prolonged peaceful world environment.

However, it goes without saying that the marked change for the better of the world situation does not mean peace now and forever.

Unstable factors are still evident.

The struggle between the US and the Soviet Union does not and will not fade away. It will be continued in new forms. The US declares the Soviet Union to be its chief threat, while the latter says it will never allow the former to gain superiority.

No regional conflicts have been finally solved. It is possible for new clashes to break out. We shall be mentally prepared for zigzags in the course of relaxation. We can never relax our efforts to safeguard peace.

The gap between the North and the South is widening. In 1952, the per-capita income of the developed countries was 20 times more than that of the impoverished countries. It rose to 46 times that income in the mid-1980s. The proportion of the world export market occupied by the developing countries was 28 percent in 1980 and 19 percent in 1986. They are heavily burdened with foreign debts. Their export trade is restricted by protectionism, and they have a serious shortage of funds. All these factors will be detrimental to world peace and stability.

The world situation has greatly improved. However, the world is still full of conflict with new disputes arising continuously. In view of this, what is the best way to handle inter-state relations, so that the countries may be assured security and devote themselves to their peaceful development? We think now is the time for the establishment of a new international political order on the basis of the Five Principles of Peaceful Co-existence.

In the 1950s, China and its neighbouring Asian countries jointly initiated these principles for guiding international relations: mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's

internal affairs, equality and mutual benefit, and peaceful co-existence. These won a positive response worldwide. For more than 30 years, the five principles have gone through the rigorous trials of history and have shown great vitality. This is because they truly reflect the fundamental interest of all countries, serve countries of different social systems and at different stages of development, and are acceptable to all. As it is known to all, the essence of the three Sino-US communiques, cornerstones for the long and steady development of the relations between the two countries, is a manifestation of these principles. These principles will be the basis on which China and the Soviet Union will normalize relations and develop a neighbourly friendship.

Conflicts and disputes between nations are inevitable. However, once they break out, they shall be settled correctly. China keeps steadily to its foreign policy of independence and peace. We have always advocated the resolution, of international disputes through peaceful negotiation, and are opposed to the use and threat of force. We are consistently opposed to armed invasion and the military occupation of one country by another. We have never agreed with the stationing of troops and setting up of military bases in foreign countries.

The Asian-Pacific region has an important place in the world and is attracting more and more attention. China lies in the same region, and therefore it is much concerned with its peace and development. The highly differing situations among the Asian-Pacific countries should be the motivating force for the development of a mutually-beneficial co-operation. These differences should never be the source of trouble. China seeks no hegemonism and is opposed to any country pursuing hegemon-

ism in the region.

The Five Principles of Peaceful Co-existence is a crystallization of the collective wisdom of the Asian people. Asia is also the birthplace of the Ten Principles of the Bandung Conference. We hope to see a development of these principles in setting up fine examples of peaceful co-existence, South-South co-operation and North-South co-operation. China wishes to develop a good-neighbourly relationship with all adjacent countries. Presently we are awaiting the upcoming visit of the Indian prime minister.

Viet Nam's war of aggression against Kampuchea has lasted for 10 years. What Viet Nam gained from it? As a saying goes, "those who suit their actions to the times are wise." If the Vietnamese authority can go with the flow of history and pull out its troops at an early date, it will be able to put an end to domestic economic difficulties and to its isolation among other countries. In addition, it would be beneficial to peace and stability in Indochina and Southeast Asia.

The economic difficulties in developing countries deserve special attention. They concern not only of the South, but also of the North, deserving a urgent but reasonable solution. For the common development and prosperity of countries the world over, it is essential to establish a new international economic order of equality and mutual benefit through the common efforts of both the South and the North.

The world belongs to the people of all countries. The year 1989 is coming. The Chinese people are ready to work with the people of all countries to push ahead the establishment of a new international political and economic order in the coming year.

*(This is a translation of the article published in "Renmin Ribao" on December 16, 1988.)*



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# Taking Stock of Commercial Reform

by Our Guest Correspondent Qiangmin and Our Correspondent Liu Jianjun

Ten years have passed since China started reforming its commercial system in 1979. Many outstanding successes have been registered in this period, but simultaneously a series of serious problems have emerged. The tasks that face China are deepening and rectifying its commercial reforms.

system has been introduced.

**Market Mechanisms:** With the introduction of market mechanisms into the distribution of commodities, the law of value has increasingly manifested itself. A recent survey of 16 provinces and cities across China revealed that only 30 percent of agricultural

products had their prices set by the state; 26 percent has their prices guided by the state, i.e., price fluctuations were allowed within certain limits; and 40 percent had their prices set by the market.

Except in a handful of provinces, enterprises are allowed freely to determine the prices of

## Progress & Achievements

The principal changes in

China's commercial structure are:

**Management:** Up until 1979, almost all retail enterprises and commercial outlets in China were managed by the state. Now, however, they can be state-managed, collectively managed or household managed. In 1978, household retail trade amounted to just 0.1 percent of all retail trade, while collectives had 7.4 percent. By 1987, these figures had risen to 17.4 percent and 19.5 percent respectively.

In terms of turnover, from 1979-87 household retail sales increased by 481 times, collectives by 9.8 times, and state-owned retail enterprises by only 2.6 times.

**Mandatory Plans:** Market mechanisms in China have been allowed to expand with the abolition of mandatory plans for many commodities. For example, the number of industrial products subject to mandatory planning has been cut from 131 in 1980 to 14 now, and agricultural products from 117 to 9.

In 1985, the systems whereby the state purchased goods by assigned quotas were abolished. For a few major commodities such as grain and cotton a contract

The Beijing Department Store, one of the capital's largest retail outlets.



most industrial goods. Even some state-planned commodities can have their prices set by their manufacturers within certain defined limits.

**Distribution:** The system whereby industrial and consumer goods were distributed according to administrative plans has been replaced largely with a market system. Wholesalers can transact business directly with retailers, and manufacturers can sell their goods directly to the market and engage in both wholesale and retail business. As a result, wholesale markets and trade centres for industrial and agricultural and sideline products have sprung up across China, and close to 70,000 free markets have appeared in cities, towns and villages.

**Contracts and Ownership:** Whereas before 1979 all commercial enterprises were state-owned and managed, now 81.9 percent of the country's 87,000 small and medium-sized commercial enterprises are run as contracted undertakings, have been leased out, or have their ownership transferred. Some 34,990 of small ones are now in the hands of households. Simultaneously, hundreds of large commercial enterprises have experimented with shareholding systems.

**Administrative Reforms:** Many commercial enterprises have separated administration from enterprises management, streamlined their administrative structures and transferred decision-making power to lower levels. Independent business companies have been established across the country to eliminate the defects of the original method of management through administrative means.

**Purchasing Powers:** Commercial enterprises have concentrated on developing reliable sources of goods. As a result, their purchasing volume of major agricultural and sideline products and in-



At the bottom end of the retail scale: a Guangxi straw-hat pedlar.

XU XIANGJUN

dustrial items has rapidly increased: in 1987, commercial enterprises spent 200 billion yuan on agricultural and sideline products (up four times on 1978) and 300 billion yuan on industrial products (up two-and-a-half times on 1978).

**Retail Volume:** In 1987, retail trade across China reached 582 billion yuan—3.73 times greater than in 1978. From 1978 to 1987, retail trade expanded by an average of 14.1 percent a year overall. Even taking inflation into account, the figure is 11 percent—still almost double the 6.1 percent average annual growth in the 26 years up to 1978.

Of the 1987 total, 511.5 billion

yuan was generated from the sale of consumer goods, four times more than in 1978.

**Customer Choice:** The shelves of China's shops are now filled with a wide range of goods, with many products available in a variety of models, brands and designs.

In 1978, 73 major commodities were either rationed or in limited supply. Since 1985, it has been possible to buy all goods freely with the exception of a few vital commodities, such as grain, which still require government issued coupons.

**Consumption Structure;** The last decade has witnessed many changes in the buying habits of the Chinese, particularly in the areas

of food, clothing and consumer durables. Increasingly, coarse grains are being replaced by flour and rice, and of total expenditure on food, the amount spent on non-staple items has risen from 79 percent to 85 percent. Consumption of poultry and fresh eggs has increased five times in the last ten years. In general, people have become far more fastidious and fashion conscious in their dress. Sales of high and medium quality clothing have expanded rapidly: woollen goods up 3.7 times, silk and satin up 3.5 times, while cotton items have just risen 16 percent.

Sales of high quality electrical goods have risen so fast that many items are regarded as commonplace in ordinary families. The retail volume of televisions, cassette recorders, refrigerators and sewing machines have multiplied from several dozen to several hundred times their 1978 amount.

**Retail Outlets:** From 1978 to 1987, the number of retail outlets, restaurants and cafes, and shops offering services rose 9.6 times to 12.059 million. By far the largest increase was in household-managed businesses up an enormous 57.1 times.

## Problems

While commercial reform has advanced overall in the last decade, its progress has not been as rapid as might have been desired. Some areas have lagged behind and problems have been thrown up from interaction with other parts of the economy. The major hindrances and faults can be summarized as follows:

■ Many commodities do not have their true value reflected in their prices, leading to distortions in the market. This is seen most clearly in the purchase and retail prices of various agricultural and sideline products, which the state

subsidizes to a large extent.

■ Some state-owned commercial enterprises remain inefficient because of the many stages separating production from the marketplace.

■ The range of commodities available in China needs more rational organization, and the quality of services on offer remains low.

■ Problems concerning state administration of commodity circulation and control over the market remain to be solved.

■ The nature of the relationships between both the state and enterprises and individual retailers and consumers have not been completely established. Overall, the problem remains that when the central government attempts to interfere directly and regulate markets, retailers lose the incentive to press on of their own accord, but when the central government steps back to allow market forces alone to prevail, chaos frequently emerges.

■ To be fully successful, commercial reform requires parallel reform of the finance, taxation, price and wage systems. So far, a comprehensive set of measures covering all these areas has not been drawn up. Since the beginning of this year, many of these problems have come to a head. A combination of soaring prices, speculation, profiteering, and abuses of personal power have caused serious inflation and severely disrupted commodity circulation. Of the 470 principal industrial products and 130 agricultural and sideline products, around half are in short supply, and critical shortages of chemical fertilizers, pesticides, and consumer goods such as colour televisions and refrigerators have given rise to popular discontent.

By September, the retail price index had risen by 16 percent. As inflation threatened the value of bank or cash savings, many people

rushed to convert their money into goods. During the same period, there had been four separate spates of panic buying across the country, and retail volume had reached 538.4 billion yuan—a 28 percent increase on the same period last year.

## Rectification

Faced with these mounting series of problems, the question has to be asked whether the ten years of commercial reform can be sustained and advanced. The answer given by Hu Ping, minister of commerce, at a recent working conference on commerce in China was an emphatic yes. He said that the reforms would have to be deepened, while the conference as a whole proposed a series of measures to overcome the difficulties facing the country's markets. These were:

■ To concentrate on rationalizing the distribution and circulation of commodities, particularly in the wholesale sphere where management needs to be greatly strengthened. This calls for re-examining the credentials of wholesale enterprises, and unifying through state-run channels the management of agricultural sideline products, means of agricultural production and industrial materials in great demand but in short supply. In this way, the supply of goods essential for the national economy and basic necessities of life can be ensured, and speculation, profiteering, arbitrary price increases and abuses of personal power can be controlled.

■ Exercising greater control over market prices to reduce the rate of inflation. In the first instance, this entails ensuring that where commodities have state-set prices, they are strictly adhered to, and where prices are permitted to float within certain limits, they do not

exceed their upper limit. Where prices are negotiated, a complete set of guidelines has to be drawn up, with penalties for those who break them.

■ Rectification of enterprises has to be stepped up, especially of companies which have failed to separate administration from enterprise management, which engage in profiteering and speculation of goods in short supply, and which arbitrarily inter-trade.

■ To Expand and improve the use of contracts for large and medium-scale commercial enter-

prises, and experiments with transfer of ownership should be conducted with small-scale enterprises such as restaurants, department stores, shops selling electrical appliances, and groceries.

The conference also decided that for a trial period, the production and sale of pigs, vegetables, fruits and tea would be integrated in Shandong, Hebei, Liaoning and Zhejiang provinces, and that futures markets should be established for wheat and coarse grains in the city of

conference discussed forming managerial companies, to be run as independent enterprises, which would be responsible for formulating plans for commercial networks and then undertaking their construction, management, and finally their leasing of sale.

## On to 1989

It is predicted that next year China's economy will cool off: inflation will fall and the growth rate drop to a more sustainable figure. However, many of the problems facing markets in China will not be totally solved, and great vigilance will be required to prevent future bursts of panic buying. In short, the outlook for 1989 is not optimistic. The main reasons for this are:

In both the city and the countryside, personal disposable income will remain high. It is estimated that by the end of 1988 the Chinese population will have a surplus purchasing power of 520 billion yuan—100 billion more yuan than at the beginning of 1988.

The supply of goods to the market will fall short of demand. As industrial growth is predicted to drop from its current figure of 17 percent to around 10 percent to combat the problem of the overheated economy, shortages will continue.

The amount of goods held in reserve by state-owned enterprises and supply and marketing co-operatives is dropping, which will make it difficult to adjust and control markets. For example, at the end of September, stocks held by all the organizations run by the Commerce Ministry were 4 percent less than in September the previous year, and in the case of some daily necessities and expensive consumer goods, the situation was even more severe. ■



BAISI GULANG

**The Xisumu Supply and Marketing Co-operative in Inner Mongolia has risen high in local estimation since it replaced the policy of "1,000 families share one store" with "one store goes out to serve 1,000 families."**

prises, and widen the scope of the share-holding system. Horizontal ties between companies and trade conglomerates should be encouraged to improve economies of scale, and the reform of the personnel system involving the reorganization of labour forces should be carried out to raise efficiency. Leases should be more widely introduced for small and

Zhengzhou in Henan Province. Simultaneously, a few trans-regional wholesale companies would be established, and experiments would be conducted with urban consumer co-operatives in factories, mine, schools and neighbourhoods. In the near future, the recently established commercial networks will be subjected to fresh scrutiny. The



# For the Prosperity of Literature and Art

by Our Correspondent Ling Yang

Nine years ago, the Fourth National Conference of the China Federation of Literary and Art Circles (CFLAC) took place in a mood of euphoria. With the passing of the "cultural revolution," writers and artists had returned to their work with a fresh vigour. An atmosphere of expectation pervaded their discussions and debates.

In contrast, delegates to CFLAC's Fifth National Congress, held this November in Beijing, were more sober and composed. Much of this could be attributed to a feeling of satisfaction with the achievements of the last nine years. As Xia Yan, CFLAC's 88-year-old vice-chairman, said, it had been "an extraordinary period."

The new openness in China's arts can be traced directly to the Third Plenary Session of the 11th Party Central Committee in 1978,

at which the policies of reform and opening to the outside world were introduced. A year later, at CFLAC's Fourth National Congress, Deng Xiaoping spelled out the implications of these changes for cultural policy.

Speaking on behalf of the government and the CPC Central Committee, Deng urged writers and artists to bear in mind their social responsibility, "seriously considering the likely impact of their works on society and trying to provide the people with the best mental nourishment." But of even more significance were his comments on the role of the Communist Party. "The bureaucratic style of work must be dropped. There must be no more issuing of administrative orders regarding the creation and criticism of literature and art."

On another occasion shortly after, Deng said, "We should

persevere with the policies of 'letting a hundred flowers blossom and a hundred schools of thought contend,' and 'not seizing on the faults of others, not slapping labels on to people, and not wielding the big stick.'

"We should not continue to mention the slogan that literature and art should be subordinate to politics, because this can easily be used as the theoretical basis to flagrantly interfere in literature and art.

"Practice has proved that this has done much harm to the development of literature and art. But, of course, it does not mean that literature and art can be divorced from politics."

## New Climate

Deng's speech outlined a new series of guidelines for cultural policy. The emphasis was switched from "serving politics," a concept put to great use during the war years of the 1930s and 1940s, but much abused during the "cultural revolution," to "serving the people and socialism."

During the process to bring order out of chaos caused by the "cultural revolution" which represented the climax of "left" influence in the late 1970s and early 1980s the policy of "letting a hundred flowers blossom and a hundred schools of thought contend," originally drawn up in the 1950s, was reasserted. At the same time, powerful voices were raised in the press and elsewhere arguing for the "elimination of spiritual pollution" and opposition to bourgeois liberalization,"

**Xia Yan answers questions raised by a correspondent from Agenzia Nazionale Stampa Associata at the press conference of the CFLAC 5th National Conference.**

ZHANG YANHUI





A delegate from Xinjiang presents Deng Xiaoping with Uygur cap.

YANG FEI

causing some worries in the literary and art circles.

The dissenting critics, which included some foreign nationals, did not all agree on what was the correct policy to adopt. They were, however, unanimous in asserting that socialist China, taking Marxism as its guiding ideology, should guard against and resist the corrosive influence of bourgeois ideology in various forms. As China opened to the world, they warned, care should be taken to prevent foreign culture seeping into China without critically assessing its value for the construction of an advanced socialist culture.

Despite this note of caution, the last decade has witnessed a rich growth in China's literature and art. Reforms have constantly improved the environment for creation, leading to one of the most fruitful periods in China's history. A vast array of rich and colourful works have emerged exploring many new themes, forms, techniques and styles.

Wang Meng is a case in point. Now aged 54, he first achieved fame during his youth with a series of novels depicting contemporary life. In 1956, however, he produced a novel which castigated

bureaucracy and corruption amongst cadres. Immediately he was charged with distorting social reality, and both he and his writings disappeared without trace for nearly two decades.

But in the last 10 years, he has re-emerged as one of China's best-known writers, ceaselessly exploring new approaches to writing. During the early 1980s, he experimented with a stream of consciousness technique, and more recently he has produced a string of popular novels distinguished by immensely complicated plots.

Two years ago, he was appointed minister of culture. Despite his official duties, he has continued to write poetry, prose and novels—often evoking heated discussion and controversy along the way, especially from literary circles who have in turn praised and condemned his works. Whatever their merits, however, his books have continued to attract a large readership.

Speaking on China's arts at the CFLAC conference, Wang said, "The situation of stagnation and being sealed from external influences has disappeared forever. Our policies towards literature and art are becoming increasingly

consistent. China's body of writers and artists is growing increasingly united, and were witnessing the formation of an atmosphere of democratic discussion and devotion to creation."

The burgeoning literary scene can be seen in the multiplication of literary magazines—now totalling over 600—and the mushrooming of publishing houses across the country. Established writers can have their works published with little difficulty, while at the same time there are numerous openings for up-and-coming authors.

At a recent international symposium on writing in China, a British academic, who has translated several dozen works of Chinese literature since the 1960s, said: "Chinese literary works are filled with wit and humour. Some of them can be regarded as an artistic treat."

The recent upsurge in Chinese writing has attracted growing attention from around the world. For example, the Federal Republic of Germany has hosted no less than seven symposia on Chinese literature during the 1980s.

In the past few years, journalism has been immensely enriched with the emergence of reportage, a form of extended feature writing which employs literary techniques and styles to explore vividly matters of social importance across China. Its concentration on analysis and the exploration of the history of an issue has both helped and reflected a nationwide desire to understand society, human nature and, in particular, the role traditional culture should play in modern life.

In the dramatic arena, China's playwrights have been confronted with the challenge of reflecting the rapid and enormous changes occurring in contemporary society. Simultaneously they have striven to capture the spirit of the times and infuse their creations

with modern techniques. If overall themes had to be picked out, they would include new attempts to determine the essence of human nature and to combine novel techniques of expression while retaining a typically national flavour.

Beginning with a production of *Teahouse*, many classical and contemporary plays have toured abroad, receiving widespread acclaim from foreign audiences. At home, plays by Shakespeare, Ibsen and classical Greek authors, as well as 20th century pieces from the United States, the Soviet Union, Germany, France and Australia have been staged in China.

Traditional Chinese opera has also had a major revival in the last decade. Several thousand young performers have undergone rigorous training at opera institutes across China. But once they have graduated, many have expressed dissatisfaction with the established corpus of works. A group of young dramatists working with Shaoxin and Huangmei operas, for example, attempted to add fresh vitality by incorporating a series of love themes from Shakespeare. Their new exploration received a fierce mixture of both praise and censure.

After being criticized for years as "bourgeois," the bel canto style of singing has gained many new adherents, a number of whom have distinguished themselves at international contests. Indeed, a total of 70 Chinese artists have won international prizes since 1980 for violin and piano playing, composing, ballet, folk dance and acrobatics. Meanwhile, China has hosted a series of national and international violin and piano contests, including one for child violin players.

The intermingling of influences has permeated the entire range of China's performing arts: ballets with Chinese themes have been



Film director Xie Jin (left) talks to Wu Tianming.

LI SHENGMAN

staged from Beijing to New York, operas combining Chinese themes with Western techniques have been produced, and veteran composers have adopted Western techniques to the approval of many audiences, while their younger counterparts have willingly welded modern musical theory to the country's cultural heritage. One of the most salient features of contemporary Chinese painting art has been the integration of modern and traditional Chinese culture with foreign practices and theories.

Despite the fact that disco, break and ballroom dancing have all found their way into China over the last few years, being adopted particularly by young people, there has been a resurgence in traditional dance dramas, such as *The Silk Road*, from across the country, which have more than withstood the challenge of modern imports from abroad.

Even archaeology has widened China's musical repertoire: reproductions of some recently discovered 2,000-year-old chime bells and a 6,000-year-old *taoxun*, a form of egg-shaped pottery wind

instrument, have enriched the already wide range of traditional musical instruments. Music pieces written many centuries ago using a system of notation involving characters and other symbols has been transcribed and performed with great success.

The revival of ancient and folk music has not just manifested itself in a string of arts festivals—even mainstream orchestras have picked up on its popularity. The China Conservatory of Music, for example, took the Xinjiang folk masterpiece, *Twelve Mukam*, and introduced it first to audiences in Beijing and then toured it overseas.

In Tibet, local operas, songs and dances have benefited with the application of modern techniques and staging, although they almost all retain their traditional themes of Tibetan court and Buddhist life. The director of the Tibet Arts School, Awang Kecun, was one of the first Tibetan dancers to be trained in China after the founding of the People's Republic in 1949. Speaking at CFLAC's Fifth National Congress shortly after he had taken a troupe from his school to perform in Hong



Artist Huang Miaozi (left) with Huang Yongyu.

YANG YONGYU

Kong, he said that literature and art had never enjoyed such a creative period as it does at present.

### Cultural Archive

In order to discover and preserve the immense wealth of China's folk arts, work is currently being undertaken on a 310-volume survey of traditional songs, dances, operas, instruments and so on from across the entire country. Designated a key state cultural project, the collection should be completed by the end of the century.

To be realized, every province, autonomous region and municipality has to collect and publish 10 volumes, one on each of the following categories: folk songs, dances, operas, instrumental music, opera music, folk tales, ballads, proverbs, *quyi*\* and its accompanying music.

At present, 60,000 people are at work on the project. Already its

results are beginning to appear: just before the opening of the CFLAC conference, Hubei Province published a 1,600-page volume of its folk songs and Jiangsu Province published a 1,700-page collection of its folk dances.

As literature, art and music have flourished across China, there has been an accompanying growth in cultural theory and criticism. Writers and academics have discussed topics ranging from the universal—what is the essence of art, methods and techniques of creation, the role of history, etc.—to the specific—controversial individual works, developing socialist literature and art in China, the relations between highbrow art and popular works.

Some debates have rapidly swept the country, only to be forgotten equally as quickly. Others have been heated, candid and protracted, with little possibility of agreement ever being reached. But whatever their nature, they have indicated that the period when thinking in China existed in frozen isolation from the rest of the world has well and truly disappeared. With competing

views constantly being aired, an atmosphere marked by democracy has emerged.

Under these circumstances, many senior figures in China's art and literary world have had to study hard to renew their thinking and knowledge, while younger artists and writers have set about absorbing modern influences from around the world.

China's cinema over the last decade has been marked by the emergence of a group of young film directors, who have collectively been dubbed the "fifth generation." All aged around 30, they experienced the chaotic years of the "cultural revolution," but have gone on to produce a series of films revealing a deep understanding of society and life, several of which have won prizes at international film festivals.

### Achievements and Prospects

The CFLAC conference took the opportunity to look back on the achievements of the last decade, and examine pointers towards the future. Many of the 1,500 delegates echoed each other in claiming that however important history was, the prospects for the future were of more significance. They all warmly applauded the congratulatory speech delivered by Hu Qili on behalf of the CPC Central Committee. The main points Hu made are:

- Literature and art constitute a major component of socialism, and all writers and artists should carry forward the CPC's basic line and serve both the people and socialism;

- Party organizations at all levels should respect the law of literary development. The principles of not flagrantly interfering

\* *Quyi* includes folk art forms such as story telling, comic dialogues, cross talks, etc.



Dancers from across China at a gathering in the Great Hall of the People.

in the work of writers and artists and so allowing them to display fully their talents should be strictly maintained.

■ To enable writers and artists to enjoy freedom of creation and criticism, the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" should be earnestly upheld. Different creative forms and styles should be encouraged to develop and pass opinion freely.

■ Other principles that should be simultaneously encouraged are: "let a hundred flowers blossom, but weed through the old to bring forth the new," and "make the past serve the present and foreign things serve China." The cream of China's traditional culture should be inherited, and the positive and useful aspects of foreign culture absorbed, but the harmful and decadent should be rejected.

Hu went on to stress that the goal was to create a new socialist culture with Chinese characteristics—a culture with Marxism as its guiding ideology, which fully inherits China's excellent traditions and embodies the spirit of the times.

The task of CFLAC is now to

ensure Hu Qili's words can be converted into further deeds. The organization has 30 branches at provincial level, as well as national associations for writers, musicians, dramatists, artists, film workers, dancers, acrobats, folk artists, photographers, calligraphers, *quyi* artists and television workers. On November 12, half-way through their national conference, the 106 new members of CFLAC's leading committee elected Cao Yu, a renowned dramatist, as their executive chairman and chose nine vice-chairmen to help him in his work.

For the next few years it is their duty to carry forward the aims outlined in CFLAC's constitution: promoting and strengthening the unity of writers, artists and literary and art workers throughout the country, protecting their rights and interests, conducting international cultural exchanges, and building links between literary and art circles, the Communist Party of China, the government, and all other sections of society. Contributions can thus be made to the prosperity of both China's literature and art and to culture around the world. ■

## International Studies

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China's Foreign Relations:  
A Chronicle A  
Classified Subject Index to  
INTERNATIONAL  
STUDIES (from No. 1, 1988  
to No. 4, 1988)

## Processing Business Develops

The total import-export volume of China's processing trade reached US\$19.5 billion in the first nine months of 1988, up 48 percent on the same period last year. It accounted for 28 percent of total foreign trade, compared with 24 percent last year.

Processing trade encompasses processing goods using supplied raw materials, designs and parts and compensatory trade. As China has opened to the outside world, such business has gradually expanded from the coastal areas to the interior.

This year, total foreign currency earnings from processing and assembling machinery and electrical goods are expected to reach US\$3.144 billion, showing a 56 percent increase on 1987 and accounting for 34 percent of exports of all processed products.

Exports of household electrical appliances, cameras and high-grade consumer durables have increased rapidly. For example, the number of radios assembled has reached 57.48 million; radio-cassette recorders, 16.92 million; cassette players, 10.36 million; televisions, 1.39 million; and cameras, 4.33 million.

Substantial rises have also been recorded in other areas of China's processing industry. Compared with 1987, exports of processed garments rose 59 percent to US\$1.019 billion; of textile products, 169 percent to US\$590 million; and of various other light industrial goods, 41 percent to US\$1.59 billion.

China's processing industry is principally concentrated in Guangdong Province. In the first nine months of 1988, its total trade volume of processed goods and materials reached US\$13.721

billion, or 70.4 percent of the province's total trade volume. Other areas with important processing industries include Shanghai, Fujian, Shandong, Tianjin, Liaoning and Jiangsu.

With the development of the processing business the number of bonded factories and warehouses in China has risen fast, to 961 and 1,598 respectively. Implementation of the bonded system has played a major role in the overall promotion of the country's processing business. ■

## Tea, Fodder Pass Export Targets

By the end of last November, China's exports of tea and animal fodder comfortably outstripped the year-end targets laid down by the central government. Sales of tea had reached US\$408 million, and were predicted to rise to US\$445 million by December 31—the original goal was US\$328 million. Fodder, meanwhile, has reached US\$210 million, with a predicted annual total of US\$230 million. Its set target was US\$144 million.

These two commodities accounted for 93.75 percent of the China National Native Produce and Animal By-products Import and Export Corp.'s total exports. The remaining 6.25 percent was made up of goods including timber, carpets, dried fruit, fur and leather.

The corporation, which was founded in 1949, now has 13 branches and 100 enterprises

under its jurisdiction, including 22 solely or jointly owned companies and representative offices in the United States, France, Liberia, Brazil and Hong Kong.

To help imports and exports, investment, transport and finance, US\$70 million has been invested in these overseas companies. As a result, total import-export volume handled by the corporation reached US\$1 billion in 1988.

The corporation has also invested in other projects such as light industry, aquaculture, real estate, hotels and auction sales. Its overseas interests include the Westbrook Hotel in Vancouver, which opened last spring, and the Far East Fur and Leather Auction Co. in Hong Kong.

It also owns seven ocean-going cargo ships capable of transporting a total of 180,000 tons of freight.

by Li Ning

## Non-Governmental Trading Company

This month saw the establishment of Beijing's first non-governmental foreign trade company, the Beijing Jixiang New Technology Import and Export Co.

Located in the capital's Zhongguancun Experimental Zone for the Development of New Technology Zone, the corporation has been set up as co-operative enterprise, with the Xiangyun Co., the China National Technology Import and Export Corp., Beijing company. Jointly they have invested 500,000 yuan in the corporation, whose principal tasks will be importing technological equipment for other companies in the Zhongguancun area and advertising Chinese goods overseas.

Presently the corporation is preparing for the Beijing New Technology Exhibition to be held

in Hong Kong next March. At the fair it will represent Chinese high-tech companies in business talks with foreign companies.

The corporation has already started business by exporting Xiangyunbao soft drinks. Jointly developed by the Xiangyun Beverage Corp. and the Military Scientific Medical College of the People's Liberation Army, this series of fruit juices contains an amino acid developed in China. When tested on a group of soldiers it proved effective as a tonic relieving weariness.

Businessmen from the United States, the Netherlands and Hong Kong have shown great interest in the Xiangyun range.

Wang Yunfei, Xiangyun Corp.'s general manager, said the establishment of the corporation offered great potential for penetrating international markets.

by Yang Xiaobing

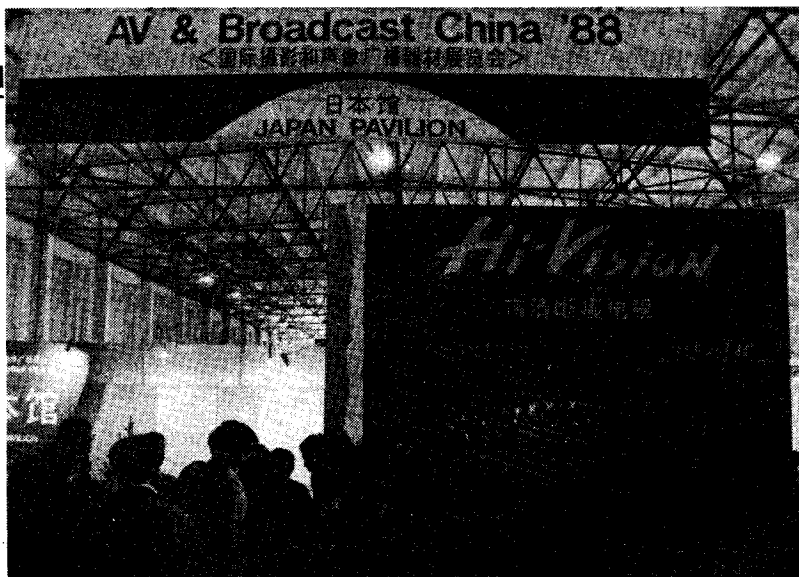
## AV & Broadcast '88 Held in Beijing

Some 40,000 people visited China's Audio-Visual and Broadcast '88 exhibition held in Beijing's International Exhibition Centre from December 2-7.

Companies from Europe, North America, Singapore and Hong Kong displayed a wide array of audio and video equipment, photographic materials, pianos and electronic musical instruments.

But it was the Japan Hall which aroused most interest. Taking up almost half of the exhibition space were representatives from NHK, Nikon, Hitachi, Victor, Sansui and other leading Japanese companies.

Thanks to several years of sustained advertising campaigns in China, their products and promotion materials were eagerly



XUE CHAO

NHK's high-vision high-resolution television screen was among the latest products on show at AV and Broadcast China '88.

snapped up by Chinese visitors.

Transforming and modernizing the country's broadcasting and communications networks has been designated one of China's key projects for the 1986-90 period, calling for a massive investment programme over the next few years.

Japanese representatives at AV&B '88 made no secret of their desire to participate in this programme. Nakamura yuko,

head of the Japanese exhibition delegation, promised that Japan's factories "could provide China with the most advanced technology in the world specially tailored to suit China's conditions."

Such promises make it likely that Japan will pick up much of China's future orders ahead of European and American companies.

by Yue Haitao

## Introducing 'Qigong' Treatment

Zhang Weixiang is one of the best-known *Qigong* masters in the country, with a lot of experience in treating various diseases using *qigong*. A clinic has been set up for him in Shandong Province. Over the past two years, Zhang has given medical treatment to more than 10,000 patients with a rate of cure reaching 90 percent.

Zhang will be visiting Beijing between December 25 and January 20, and at the invitation of *Beijing Review* and the Beijing Kang Hua Technical Development Co., will give *qigong* treatments from January 3 through 19. He will meet with each patient three or four times. Special files will also be established for those patients who would like to continue with future treatments.

The total charge for the three or four healing sessions will be 100 yuan FEC, and there will be no charge if there is no sign of recovery. For more information, please contact:

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Tel: 831-5599 ext. 725

Fax: 831-4318

Telex: 222374 FLPDA CN

## Shantou Cradles Reserve Athletes

**S**outh China's port city Shantou, known as a "cradle of athletes," has trained more than 400 athletes for the provincial and state sports teams since the founding of New China. These athletes include Li Qiaoxian, gold-medal winner in the women's spring board diving event at the 14th World University Students Games in 1987; Li Hongping, gold-medal winner in the platform diving event at the 2nd World Cup Diving Competition; Li Chunyang, second-place winner in the free exercise at the 5th International Gymnastic World Cup in 1987; Li Jinhe, the third best in the 67.5 kg weight lifting at the 1988 Olympic Games in Seoul; and other outstanding competitors. At Guangdong Province's 7th Games, held recently, the Shantou team ranked second in regard to the amount of gold won.

In 1988, the State Physical Culture and Sports Commission conferred upon Shantou City the title "Advanced Collective for Developing Public Sports Activities."

Shantou, a bustling city with a population of more than 8 million, has a long sports history. Years ago it was known in Southeast Asian areas for its football, basketball and badminton. In the 1940s, one of Shantou City's basketball teams picked up a bronze medal at the Far East Games held in Hong Kong. After liberation in 1949, Shantou city's sports activities really started to perk. At present, the city has two full-time secondary sports academies and 56 part-time training centres, as well as 25 various sports associations for specific events. According to statistics, one-fourth of the city residents

persist in swimming, and nearly half in jogging all year round.

Liu Bingjian, head of the city Physical Culture and Sports Commission, said, "By popularizing public sports, we are able to train and select the most talented children. Our policies are: Train early, toughen gradually and keep on training group after group."

The city's sports commission selected 100 kindergartens, 200 primary schools and 100 middle schools, among the more than 1,000 kindergartens and schools in Shantou City, as grassroot networks for developing sports activities. These networks keep in touch with the sports academies at the city level and are coached by higher-level physical education (PE) teachers, so as to form a relatively integrated training system. Some outstanding athletes are selected in this way.

Children, after entering kindergarten, all receive basic physical training. Usually, they do gymnastics and some sports games. After they enter primary schools, the training becomes more intense. There are five PE classes every week, and students do exercises twice a day. Extracurricular spare-time sports teams for swimming, gymnastics and track and field events are also set up in primary and middle schools. Some young talents really excel during the training and competition. These are then recommended to various sports academies at the city level to be specially groomed for higher-level contests.

"We call this an integrated training plan," Liu said. "We first aim to upgrade the overall physical fitness of children and

teenagers. Then we can, at an earlier age, cultivate future athletic talents."

Li Deliang, a state diving team member who has won gold medals in many international competitions, credits all his achievements to the "integrated training." After entering kindergarten at the age of three, he trained in gymnastics, which whetted his interest in athletics. During his years in Jinsha primary school, Li caught the eye of an experienced PE teacher who noted that his student had a lot of muscular spring and quick reflexes. So the teacher recruited Li for the school's swim team where he was trained systematically. Not long after that, he was enrolled by one of the city's sports academies. Under the astute guidance of the famous coach Chen Tianyuan, Li made rapid progress and achieved surprising results in the provincial and state competitions. He was selected to join the state diving team. "I could not have become a world champion without the training in my childhood," said Li.

Two other prominent divers, Li Qiaoxian and Li Hongping, won gold medals many times in international competitions. They had walked the same road as Li Deliang.

Shantou's Central Sports Academy, with more than 600 students, has played an important role in training and launching fine athletes and popularizing public sports. The school sets up practices for ball teams and schedules training classes for field and track events, weight lifting, gymnastics and swimming specialties. These activities are divided into a class for children up to age



10 and a class for teenagers under the age of 16. They are taught by 80 coaches. In addition to a general education like other school children, students here receive strict and specialized athletic training under the guidance of their coaches. Illustrious alumni include Cai Yanshu and Li Jinhe, athletes who have broken the Asian weight lifting record many times.

Only the best from the Central Sports Academy are selected for higher-level competitions. That is to say, conspicuous athletes are soon snatched up by the provincial or state sports teams. Unsuccessful students can choose to continue their high school education or work as a PE teacher in primary schools. The head master in charge of the athletic training Gao said, "Our task, as other athletic academies in the country, is to train reserve athletes for the state."

Up to now, athletes from Shantou trained by the "integrated method" have won a total of 48 gold medals, 76 silver medals and 69 bronze medals in major competitions in China and abroad.

by Zhang Wei

## Officer Pens Tales Of War History

Zhang Tingzhu's recent novelette *China River* together with his two earlier ones, *The Chieftain's Campsite* and *The Black Sun*, have caused a sensation in China's literary world. The three novelettes are all stories about the Chinese expedition army, who, in co-operation with the Allied army, fought against the Japanese aggressors at the Indian-Burmese battlefield in 1942, during the Second World War. These works fully depict the



hard struggles and unyielding national spirit of the Chinese forces.

The 38-year-old author is an officer of regimental rank. His father, Zhang Heling, was a high-ranking commander in the Kuomintang army. Zhang has had extraordinary life experiences. When he was a teenager, he was moved to the countryside where he worked as a farmer, a hairdresser and a pedlar. Then he returned to Hangzhou where he became a worker, a salesman and an assistant manager of a factory. Perhaps owing to his father's influence, he always cherished the hope that one day he could become an army man. In 1984, when he was already 34 years old, he attained special approval and joined the army.

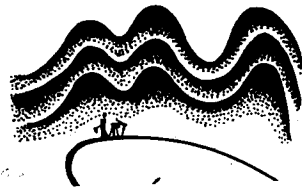
Zhang has always shown a great interest in war literature. He thinks that the study of war history can enrich a writer's creativity and increase the artistic force of a literary work. He said, "War provides an irrevocable life force for military literature. Without it there would be no military literature."

Differing from other Chinese army writers, who tend to present revolutionary wars merely from the angle of political propaganda, Zhang has surpassed narrow political or class barriers. In his works, he has made great efforts to depict the unique features of the Chinese army, as well as the personal inner world of Chinese fighters. His works abundantly reflect the history and national spirit of the Chinese people.

Zhang began his career in 1980. In 1981, he published his first novelette, *Hope*, a story of two brothers' life experiences in the mainland and in Taiwan. Next he published a series of stories, both military and non-military, such as *The House Numbered 54*, *He Died Before Daybreak* and *Apollo Passed Away With the Smoke of Gunpowder*.

His most influential work was the full-length *Puzzle of the Falling Sun*. This work exposed, for the first time, some unknown historical facts. When Japan was defeated, the Chinese army went to Hanoi to receive the Japanese army's surrender. The novel mainly focuses on the complicated conflicts between the Chinese army, the local army, France, Japan and other sides. It eulogies mankind's struggle for peace and righteousness.

Up till now, Zhang has published three novels, 33 novelettes and 54 short stories, totalling more than three million words. His works have won nine literary awards and high acclaim, which shows his ever-maturing writing technique and naturally is drawing the attention of an ever-increasing number of readers. ■



## Travel Services Declared Unlawful

**F**oreign travel services and those in the Hong Kong and Macao region doing profitable business directly, or in co-operation with unlicensed travel services in China recently were declared illegal by the State Travel and Tourism Administration.

The above-mentioned provision is a part of the government's plan to reorganize its tourist industry, an official from the State Travel and Tourism Administration told *Beijing Review's* staff reporter. This will be carried out in China in an all-round way next year.

An official document of the administration says that it is mainly to strengthen discipline in tourist bazaars, tourist foreign exchange control and tourist guides.

At present, there are altogether more than 1,300 travel agencies in China. During the recent past, a number of travel services have attracted tourists by offering low fees, allowing higher commissions, not charging booking fees, and settling accounts in Renminbi. There are also a number of companies, exchange centres, associations and other non-tourist units doing business at costs undercutting licensed travel services. This has bled potential funds from the state and caused an excessive outflow of foreign exchange. According to official statistics, for travel expenses only, more than 100 million yuan (about US\$2.7 million) have not been collected, which is 17 percent of the total net income of China's tourist trade in 1987.

Low standards and irresponsibility on the part of some guides have also caused a drop in the number of tourists. Some guides and interpreters have also lined their pockets with forbidden

commissions and tips, and a few people have even shamefully extorted money from tourists. The State Travel and Tourism Administration will punish these unscrupulous workers in accordance with related rules and regulations.

According to the administration's document, it is planning to set up a first-grade travel service in each of the country's 27 provinces, autonomous regions (except Taiwan) and three municipalities as well as 15 major tourist cities. Foreign travel affairs in these regions will be handled only by these travel services.

### First-Grade Travel Services in China

1. China International Travel Service
2. China Travel Service
3. China Youth Travel Service
4. China Swan International Tourist Co.
5. China Non-Government International Tourist Co.
6. China International Sports Tourist Co.
7. China Women Travel Service
8. China Workers and Staff Travel Service
9. China Everbright Tourist Co.
10. China Jinqiao Tourist Co.
11. China Peace International Tourist Co.
12. China Merchants' Steam Navigation Co. Ltd. (CMSN) Travel Service
13. China Kanghui Travel Service
14. China International Trust & Investment Co. (CITIC)
15. China Travel Service Guangdong Branch
16. Guangdong International Tourist Co.

by Han Guojian

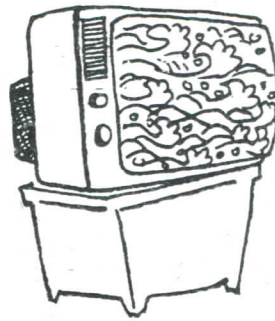
## News in Brief

■ The Sheraton China Group, a managerial organization for Sheraton hotels in China, was recently set up in Beijing. The group includes the Beijing Great Wall Hotel, Shanghai Huating Hotel, Tianjin Hotel and Guilin Wenhua Hotel, as well as the Xian Hotel in Shaanxi and the Shanhaiguan Hotel in Hebei, both of which are under construction. Altogether the group owns about 5,000 guest rooms.

The Sheraton Group is one of the biggest hotel administrative network in the world. It now administrates and manages 500 hotels in 66 countries and regions dotting the globe with guest rooms totalling 130,000.

■ The first national qualification exam for tourist guides will be held next spring. Only those who pass the exam will be issued a tourist guide certificate of the People's Republic of China or temporary tourist guide certificate. The exam includes tests on foreign language, etiquette, tourist knowledge, professional morals and knowledge about legal affairs.

■ Xiyuan Hotel, which is located in western Beijing and has more than 1,000 rooms, mainly serves group visitors. To improve efficiency, the hotel has established a special group visitors reception team. Now, a large tourist group numbering more than 400 people can be settled in guest rooms in less than an hour after arriving at the hotel. In the six months since the system was introduced, the hotel has received altogether about 1,500 tourist delegations totalling 30,000 visitors.



Preparedness Averts Peril.

by Yue Yang



## ART PAGE

### Humour Paintings



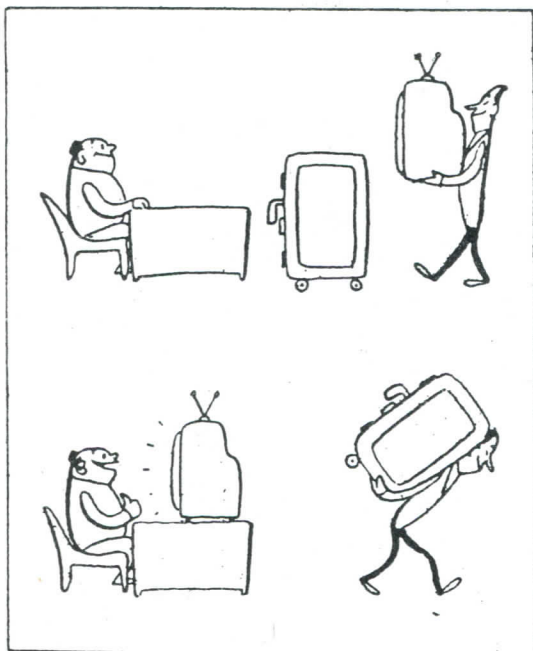
The Life-Saving Egg.

by Guo Yuanlin



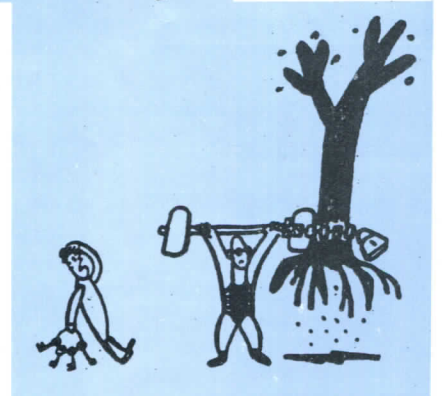
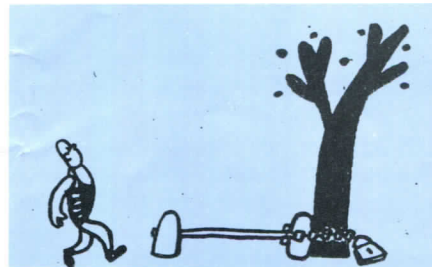
Killing Time.

by Bai Shancheng



The Cover-up.

by Liu Qingtao



Careless Weightlifter.

by Liu Qingtao

# BEIJING REVIEW

## A Window on China



*Beijing Review*, China's only weekly foreign language current affairs magazine, was first launched in English in March 1958. It is now available in English, French, Spanish, German and Japanese. As well as the regular English edition, a North American edition is printed and distributed in the USA.

In January 1988, *Chinafrique*, a monthly in French, was published by *Beijing Review* for distribution in African countries.

The six editions are essentially similar in content but vary to cater for the readership in different regions of the world. The magazine aims to

- provide information on political, economic, cultural and social developments and trends in China;
- offer insight into the theories, lines, principles and policies of the Chinese Communist Party;
- acquaint readers with Chinese views on major international issues.

*Beijing Review* is an important source of information for overseas government officials, experts, scholars and business people interested in recent developments in China. It is often quoted by foreign media and is used by professors as a source of reference for students of overseas universities.

The back cover of *Beijing Review* carries colour advertisements.

*Beijing Review* is airmailed to over 150 countries and regions. It is distributed by the China International Book Trading Corporation (Guoji Shudian), P.O.Box 399, Beijing, China.