

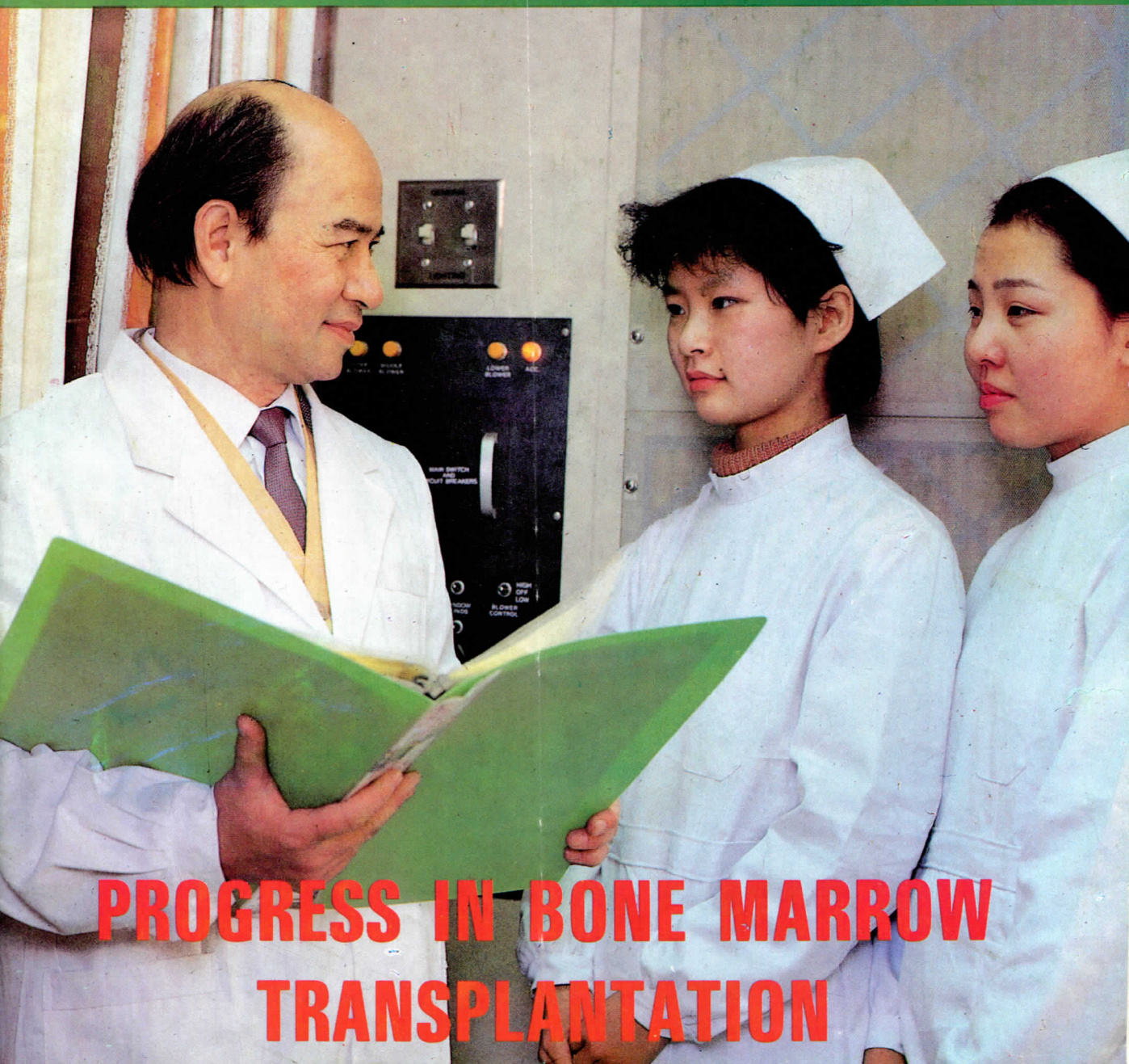
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Stability and Growth: Southeast Asia 1988



**PROGRESS IN BONE MARROW
TRANSPLANTATION**



Twin Eagles in the Blue Sky.

by Liu Jianmin

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COVER: Professor Lu Daopei (left), director of the Hematopathy Research Institute of the Beijing Medical University.

Chen Zonglie

Relaxation Across Taiwan Straits

□ Ten years ago China's National People's Congress Standing Committee published a message to compatriots in Taiwan. Since then relations across the Taiwan Straits began to relax. The past decade saw the development of the exchanges in trade, culture and of tours and visits, though the interpersonal exchanges were basically one-way. It also saw the mainland's chain of proposals for peaceful reunification and Taiwan's KMT's passive attitude. As relaxed relations enter the second decade, Beijing once more calls for reunification (pp. 4-7).

The Evolution of Traditional Socialism

□ The Soviet model of socialism which was later adopted by China and other socialist countries, for a considerable period, played a valuable role in aiding industrial and economic development. Since then, however, its many drawbacks have grown ever more apparent. And now, it is rapidly being transformed into a multiplicity of modern variants, reflecting the specific national conditions of individual countries (p. 18).

Reunderstanding Modern Capitalism

□ According to Associate Professor Lu Congming of the CPC Central Committee's Party School, contemporary capitalism can now best be characterized as "social capitalism." Many of its principal features, such as social welfare programmes and joint stock companies, have laid the foundations for a peaceful transition to socialism. Moreover, he argues, a correct understanding of modern capitalism is an essential premise for reunderstanding modern socialism (p. 20).

Progress in Bone Marrow Transplants

□ China began research into bone marrow transplantation during the early 1960s, achieving some remarkable results. During the "cultural revolution," however, all work came to a halt, only to be resumed in 1981. Since then, progress has been rapid: transplant operations now have an 80 percent success rate (p. 23).

Relations With S. Korea Relaxed

□ As world tensions are tending to ease up, the relations between South Korea and the Soviet Union and East European countries have begun to thaw. This will have an impact on the Korean Peninsula's situation (p. 15).

Unless written by Beijing Review correspondents, the opinions expressed in signed articles do not necessarily reflect the view of the Beijing Review editorial board.

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New Trends in Taiwan

by Zhang Fei

For two parts of a single country to endure long-term separation causes pain for both sides. Because of this, the Chinese government has devoted great efforts to the peaceful reunification of the mainland and Taiwan. On New Year's Day, 1979, the Standing Committee of the National People's Congress published a Message to Compatriots in Taiwan which stated, "Every Chinese has a compelling responsibility to reunify the motherland." The message also expressed the hope that the Taiwan authorities would treasure the interests of the nation and make a full contribution to reuniting the country.

Since then, a decade has passed. It is gratifying to note that relations between the mainland and Taiwan have begun to relax, economic and trade exchanges have gradually developed, and contacts have resumed between people from both sides of the straits. All these developments, which are the results of efforts of people from both sides of the straits, facilitate a peaceful reunification of China.

The Taiwan authorities have undeniably played a role in this overall improvement in relations. For example, they have relaxed their ban on Taiwan compatriots travelling to the mainland. But the people of both the mainland and Taiwan generally agree that Taiwan authorities' efforts are far from enough. While restrictions are being lifted in one area, they remain in many others to date, barely a handful of

For some time the Taiwan authorities have loudly advocated and pursued a policy of 'elastic diplomacy,' claiming they wish to develop 'official' relations with countries having diplomatic ties with the People's Republic of China. A cursory analysis of this new trend makes it clear that the aim of the Taiwan authorities is to create two political entities, in effect to fabricate 'two Chinas,' or 'one China, one Taiwan,' and by doing so infinitely delay the reunification of the mainland and Taiwan.

mainlanders have visited Taiwan. Many people feel that the Taiwan authorities should cease preaching of regarding the mainland as an "enemy" when people-to-people contacts across the straits have just resumed. People have also discovered with anxiety that in Taiwan, while the forces for reunification have been mounting, divisive forces have been multiplying as well. To a great extent, this is the result

of the policy of conciliation and connivance adopted by certain policy-makers in Taiwan towards those people advocating "the independence of Taiwan."

It must be noted that for some time the Taiwan authorities have loudly advocated and pursued a policy of "elastic diplomacy," claiming they wish to develop "official" relations with countries having diplomatic ties with the People's Republic of China. This involves attempts to establish "commercial counsellor's offices," to upgrade non-governmental organizations to "general consulates," to restore or establish "diplomatic relations," and to reinstate themselves in international organizations.

A cursory analysis of this new trend makes it clear that the aim of the Taiwan authorities is to create two political entities, in effect to fabricate "two Chinas," or "one China, one Taiwan," and by doing so infinitely delay the reunification of the mainland and Taiwan. This act both runs counter to the Taiwan authorities' repeatedly proclaimed stand that there is only one China, and contradicts the wishes of the Chinese people on both sides of the straits.

Since ancient times, Taiwan has been part of China's territory. During the Three Kingdoms period (220-280), General Wei Wen led more than 10,000 soldiers across the sea to the then desolate and uninhabited island. Since then, many people from Fujian, Guangdong and Shandong have emi-

grated to Taiwan, reclaiming and farming its land. Although it was invaded and occupied first by Dutch colonialists in the 17th century and later by Japanese aggressors in the 19th century, their attempts to separate it from the embrace of China fell through.

Today, China enjoys an ever-increasing international status and plays a growing role in world affairs. It is universally recognized that there is only one China, whose sole legal government is the government of the People's Republic. Not only the Chinese people, but people from around the world hope to see China's reunification and development. Under such circumstances, any attempt to create "two Chinas" or "one China, one Taiwan" cannot succeed. As was pointed out in the Message to Compatriots in Taiwan, "Reunification of China today is consonant with popular sentiment and the general trend of development... no one should go against the will of the nation and against the trend of history."

Today's global situation, in which confrontation is giving way to dialogue and both regional and international tension is being relaxed, is extremely favourable to the endeavour of the Chinese people peacefully to reunify and develop their motherland. The Taiwan authorities should be aware that continuing separation offers no benefits to them—indeed, it can only be harmful. They should give up their incorrect policies and actions, match their deeds with their words, and genuinely work for the peaceful reunification of the motherland. Only when this is achieved can Taiwan share the full standing and dignity of the Chinese nation.

Taiwanese Invited to Discuss Unity

Preceding the dawn of a new year, Chinese living on the mainland expressed their willingness to discuss the country's reunification with all parties, organizations and peoples in Taiwan.

"We place our hopes in Taiwan's people, and also in the personalities of Taiwan's parties, government and military circle who are concerned about our motherland's cause of reunification," said Vice Premier Wu Xueqian at a meeting in Beijing on December 30, 1988.

The meeting was held by the National People's Congress (NPC) Standing Committee to commemorate the 10th anniversary of the "Message From the NPC Standing Committee to Compatriots in Taiwan" (see the box). Some 300 people from different circles attended the meeting.

Wu, also a member of the Political Bureau of the Chinese Communist Party Central Committee, repeated once again his party's proposal that the Communist Party and the Kuomintang in Taiwan should make contact and negotiate with each other on an

equal basis as soon as possible. "We may talk about the country's reunification, or, we may consult on concrete matters regarding relations between the two sides," he said.

Wu hoped that the Taiwan authorities wouldn't invent more excuses for man-made obstacles to the development of the relationship between the two sides. He said that the KMT "should remove various man-made and unreasonable obstacles so that the people on both sides can come and go" and that "the 'three exchanges' (of mails, trade, air and shipping services), which are now half-open and half-underground, can become open, direct and legal."

Cai Zimin, one of the speakers, said he had confidence in Taiwan's authorities, but he placed even greater hopes in Taiwan's people. "Taiwan's rulers haven't dared to act willfully. On the question of realizing our motherland's peaceful reunification, Taiwan's people have the right to speak," Cai said. On behalf of his party, the Taiwan Democratic Self-Government

At the NPC's commemorative meeting.

LI HAIBO



NPC Message to Taiwan Compatriots

January 1, 1979 (excerpts)

Taiwan has been an inalienable part of China since ancient times. The Chinese nation has great vitality and cohesion. Through its history, foreign invasions and internal strife have failed to split our nation permanently. Taiwan's separation from the motherland for 30 years has been artificial and against our national interests and aspirations, and this state of affairs must not be allowed to continue. Every Chinese, in Taiwan or on the mainland, has a compelling responsibility for the survival, growth and prosperity of the Chinese nation.

Early reunification of our motherland is not only the common desire of all the people of China, including our compatriots in Taiwan, but the common wish of all peace-loving peoples and countries the world over.

The world in general recognizes only one China, with the Government of the People's Republic of China as its sole legal government. Our state leaders have firmly declared that they will take present realities into account in accomplishing the great cause of reunifying the motherland and respect the status quo on Taiwan and the opinions of people in all walks of life there and adopt reasonable policies and measures in settling the ques-

tion of reunification so as not to cause the people of Taiwan any losses. On the other hand, people in all walks of life in Taiwan have expressed their yearning for their homeland and old friends, stated their desire to "identify themselves with and rejoin their kinsmen," and raised diverse proposals that are expressions of their earnest hope for an early return to the embrace of the motherland. As all conditions now are favourable for reunification and everything is set, no one should go against the will of the nation and against the trend of history.

We have placed our hopes in the 17 million people of Taiwan and also in the Taiwan authorities. The Taiwan authorities have always taken a firm stand of one China and have been opposed to an independent Taiwan. We have this stand in common, and it is the basis for our co-operation. Our position has always been that all patriots belong to one family. The responsibility for reunifying the motherland rests with each of us.

The Chinese government has ordered the People's Liberation Army to stop the bombardment of Jinmen (Quemoy) and other islands as from today. A state of military confrontation between the two sides still exists along the Tai-

wan Straits. This can only breed man-made tension. We hold that first of all this military confrontation should be ended through dis-

ussion between the government of the People's Republic of China and the Taiwan authorities so as to create the necessary prerequisites and a secure environment for the two sides to make contacts and exchanges in whatever area.

The prolonged separation has led to an inadequate mutual understanding between the compatriots on the mainland and those on Taiwan, as well as various inconveniences for both sides. We hold that there is no reason for such barriers to remain. We hope that at an early date transportation and postal services between both sides will be established to make it easier for compatriots of both sides to have direct contact, write to each other, visit relatives and friends, exchange tours and visits and carry out academic, cultural, sports and technological interchanges.

Economically speaking, Taiwan and the mainland of the motherland were originally one entity. Unfortunately, economic ties have been suspended for many years. There is every reason for us to develop trade between us, each making up what the other lacks, and carry out economic exchanges. This is mutually required and will benefit both parties without doing any harm to either. □

League, Cai invited the leaders of Taiwan's political parties not in office to visit the mainland.

The message from the NPC to the Taiwan people ten years ago is considered a milestone in the course of the country's

reunification. It came out just after the Communist Party had finished its third session of the 11th Central Commit-

tee. This significant session had put forth the open policy and had decided to shift the focus of the nation's work to the modernizations. Also, New Year's Day of 1979 saw the normalization of relations between China and the United States. Since the publication of the message, the two sides have gradually contacted each other, but not to the degree that people of both sides are satisfied with.

Reviewing the contact between the two sides in the past decade many people have noted that the Beijing side has been the initiator, reasonable and eager, while the Taipei side has appeared to be passive, indifferent and sluggish. When the mainland suggested "three exchanges," for example, the Taiwan authorities responded with the policy of "three no's" (no contact, no negotiation and no compromise with the mainland). When the Communists said "Let's have a talk," the KMT always took it as "a trick of the united front."

But Taipei's cold shoulder did not burst Beijing's bubble. The mainlanders kept setting forth one constructive proposal after another, while Taiwan's authorities were under pressure from both inside and outside the island. Many Taiwanese, including some high officials, pointed out that Taiwan's isolationist policy is out of sync with the current worldwide trend toward detente and that the "three no" policy is obviously antihumanistic. Finally, the KMT's granite-like wall began to crack. The progress was slow and cautious.

In November of 1987, the first group of Taiwan compatriots in almost 40 years were allowed to visit the mainland. Since then about 400,000 Taiwan people have visited the mainland. Among them were

journalists, officials and businessmen. And the first Taiwan sports team is expected to visit the mainland this year.

It is also worth mentioning that on November 9, 1988, the Taiwan authorities lifted the ban on mainlanders' visits to their ailing relatives or on the attendance of funerals for their deceased family members in Taiwan. Although unreasonable restrictions are still being applied, this signifies the beginning of a two-way exchange.

Meanwhile, the annual bilateral trade volume has risen from US\$77 million in 1979 to US\$2.4 billion in 1988, showing an increase of nearly 30-fold.

Having taken note of these facts, the participants at the NPC's latest meeting felt the prospects for reunification are bright.

by Li Haibo

10 Big Events In Relations Across the Straits

It is 10 years since the Standing Committee of the National People's Congress (NPC) published its message to compatriots in Taiwan. On this occasion, the overseas edition of *Renmin Ribao* (People's Daily) along with the Central People's Broadcasting Station, Xinhua News Agency and China News Service selected 10 news events that significantly portrayed the development of relations across the Taiwan Straits in the past decade:

- On January 1, 1979, the NPC Standing Committee published a message to compatriots in Taiwan. The message said that striving for the

peaceful reunification of China is a major policy of the mainland, and that hopes for its realization are placed hopes not only on the people in Taiwan but also on the authorities there. It appealed for an early end to the military confrontation between the two sides of the straits and separation of the country. On that very day, the Chinese Ministry of National Defence ordered the People's Liberation Army to stop the bombardment of Jinmen (Quemoy) and other islands.

- On September 30, 1981, Ye Jianying, the then chairman of the NPC Standing Committee, put forward, nine proposals on the peaceful reunification of China. He proposed that talks be held between the Communist Party of China (CPC) and the Kuomintang (KMT) of China on a reciprocal basis, and the two sides make arrangements to facilitate the exchange of mails, trade, air and shipping services. After the country is reunified, he said, Taiwan can enjoy a high degree of autonomy as a special administrative region, and Taiwan's current socio-economic system will remain unchanged.

- On June 26, 1983, Deng Xiaoping, chairman of the CPC's Central Advisory Commission at that time, made further specific proposals for the peaceful reunification of China. He said that reunification of the country does not mean the mainland swallowing up Taiwan, nor vice versa. On February 20, 1984, Deng put forward the idea of "one country, two systems" to be implemented after reunification.

- From May 17 to 20, 1986, representatives of the Civil Aviation Administration of China held talks in Hong Kong with their counterparts from

the Taiwan China Airline (CAL) and they reached an agreement on matters concerning the release of CAL's Boeing 747 cargo jet plane, aircrew and cargoes. The plane landed at Guangzhou's Baiyun Airport, Guangdong Province on May 3.

● On September 15, 1987, two correspondents, Lee Yung-te and Hsu Lu, of Taiwan's *Independent Evening News* arrived in Beijing via Tokyo, Japan. They became the first Taiwan journalists in 38 years to publicly come to the mainland on reporting assignments.

● On October 14, 1987, the KMT Central Committee passed a resolution allowing people in Taiwan to visit their relatives on the mainland. The General Office of the State Council, on October 16, issued specific measures to receive Taiwan compatriots coming to the mainland to visit their relatives and make tours.

● On January 14, 1988, Zhao Ziyang, CPC's general secretary, sent a message extending condolences over the death of Chiang Ching-kuo, chairman of the KMT. Zhao reaffirmed in the message that the Party's policy for peaceful reunification of the Chinese nation will remain unchanged.

● On July 3, 1988, Li Peng, premier of the State Council, signed the regulations designed to encourage Taiwan compatriots to invest on the mainland.

● On July 14, 1988, Taiwan's KMT senior statesman Chen Li-fu and 34 members of the KMT Central Evaluation Committee put forward a proposal for the "reunification of China through Chinese culture." The proposal stands for peaceful reunification and advocates mutual trust and confidence, and dialogue and co-

operation between the two sides of the straits. Zhao Ziyang said on July 15 that both sides of the straits have a lot in common, including a strong foundation in politics, economics, culture and tradition.

● On November 9, 1988, Taiwan authorities issued entry permits, with some conditions, for compatriots from the mainland to go to the island to see their sick relatives or attend funerals. □

Control to Cure Inflationary Ills

A senior Chinese economist has suggested that to curb inflation China should tighten control on government budgets, develop a more powerful central bank and make adjustments in its currency and price policies.

Yang Peixin, former director of the Financial Institute affiliated with the People's Bank of China, also said that the People's Congress should play a greater role in overseeing cutbacks in construction and administrative costs.

"All government budgets should be examined and approved by the People's Congress, and the government has no right to spend more than the approved budgets," he said.

Yang added that to ensure effective supervision, more enterprise directors, reporters, writers, teachers, students, workers, farmers and government employees should be added to the ranks of the People's Congress.

In order to exercise a comprehensive control of the national economy, a powerful central bank is necessary, Yang said.

"The central bank should be

put under the People's Congress instead of the central government, and representatives of business, economists and other experts should be added to the bank's council to help in policy decision-making," he said.

Yang suggested that the existing method of deciding on the amount of money to be issued—which is linked with the economic growth rate, the price increase rate and the volume of currency now in circulation—should be changed.

"At present, the volume should be based on the growth rate of the national economy, and the price increase rate should not be taken into account. Otherwise it will mean inflation is inevitable," he said.

Yang said the state should control the pricing and purchase of commodities that are in short supply.

"Price reform does not mean lifting all price controls. For some important raw materials, consultation and co-ordination are needed in setting prices to ensure that raw material suppliers and manufacturers can make rational profits," he said.

"Price controls can be lifted only when a sound mechanism is established for enterprises to compete fairly with each other, and price monopoly by enterprises is eliminated," he said. □

Reforms Amplify Year's Economy

Although suffering the worst inflation since its founding in 1949, China was still able to push ahead with its economic development in 1988. Government officials and economists are prone to

sum up the year's situation in three words: "progress, problems and readjustment."

The State Planning Commission has estimated China's gross national product in 1988 at 1,300 billion yuan, a 12 percent leap above 1987, and the national income at 1,110 billion, a surge of 11 percent.

China's agricultural output value will weigh in 3.5 percent heavier, and excluding grain and oil, the output of all major agricultural products has increased.

According to the State Statistics Bureau, by the end of November, the country's industrial output value tallied 1,099 billion yuan, a 17.7 percent lead over the same period of 1987, which realized the state's annual set plan a month ahead of schedule. Odds are that the year's total industrial output value finished at 1,210 billion yuan, 179 billion yuan above the 1987 record.

Although the price of raw materials soared high as a kite, state enterprises still managed to score encouraging economic results. Their productivity tipped 9 percent, bringing in profits and taxes for the January to October period 18.5 billion yuan beyond the same period of 1987.

The end of November saw individual bank deposits reach 368.6 billion yuan, a gain of 61.2 billion since January.

Observers attribute the progress to the deepening reforms. Researchers of the State Commission for Restructuring the Economy noted that the most significant prod was the introduction of new laws and regulations to lend a hand in enterprise reforms. Another positive step sparked by the reforms in 1988 was the effort put forth by a large number of enterprises to deal with the chronic problem of overstaff-

ing and under-employment.

The work of streamlining state enterprise payrolls is called "reorganization of the labour force." Under this, surplus workers are weeded out and replanted in tertiary trades, or put on hold at 60 to 70 percent of their original salary until another factory appointment crops up. At present, more than 2,600 factories employing about 9.5 million workers are beginning to adopt this scheme.

However, economic problems are also "striking." According to the State Statistics Bureau, the inflation rate lurched to 17 percent by the end of October. The citizens' daily expenditure index in 32 cities ballooned 30.3 percent in November. And lurking behind all this were the headaches of an irrationally organized industry plagued by strained supplies of energy and raw materials and by underdeveloped markets. All of which provided a feeding frenzy for corrupt officials to profit from speculation.

Some economists think that China, widowed by an old economic administering system, has become wedded to a new one. The honeymoon, which has seen localities and enterprises gaining more autonomy in financial operations and increasingly able to make plans at their own will, has caused some problems.

Data from the State Statistics Bureau show that during the January to September period, 9.19 billion yuan spent on capital construction came from outside the state plan. At the same time, the central government's planned investment belly flopped 9.7 percent, sinking 2.21 billion yuan below the same period of 1987.

The central government has now begun to seriously per-

form its leading role in guiding the country's economy.

Premier Li Peng has announced that "we are going to resort to all methods, including effective administrative means, to curb inflation and rectify the economic order." □

CAAC Invigorates Customer Service

A series of remedies will be taken by the Civil Aviation Administration of China (CAAC) to improve its ailing performance and service, according to Hu Yizhou, director-general of CAAC.

At an urgent meeting held recently, Hu said that complaints and criticism from both domestic and foreign passengers have been louder over the past few months.

Disgruntled passengers and customers have griped about delayed flights, poor ground and air services, missing luggage and cargoes, and the difficulties of getting tickets. "These have become serious problems that must be immediately dealt with," he said.

The director-general urged directors of all aviation companies, regional aviation administrations and airport authorities to zero in on the improvement of service.

Between December and January 1989, Hu said the CAAC, China's flag carrier, will make a point of rectifying its outlook on providing customer service and enforcing staff discipline. The director-general added that the skill and training of CAAC staff members will also be strengthened. To

upgrade the quality of staff workers, CAAC has worked out and will soon launch a package of training programmes, he said.

In order to provide a staff that is more alert and responsive to passenger needs, Hu urged civil aviation companies to announce the names and positions of the leading persons on duty every day.

"CAAC welcomes opinions and criticism from all its customers to improve the performance and service of its staff workers," Hu said. According to the director-general, books for customers' comments and suggestion boxes will soon be available at all the airline's ticket offices, waiting rooms and cargo delivery centres.

Discipline and regulations must be strictly observed, he said. Any unit or person who violates the regulations will be punished or fined.

Ground crew and freight-handling discipline will also be tightened, according to Hu, to ensure that no more passenger luggage or cargo is lost or damaged.

Likewise, improved networking between departments and other measures will be introduced by CAAC to ensure that its flights take off and land regularly and punctually, the director-general assured. In case of delayed take-offs or landings, an announcement with explanation will be made to passengers, he added.

To meet travellers' needs, CAAC will also improve its ticket-selling services, and no less than 20 percent of the seats on every flight will be openly sold at the ticket offices. Hu said that in an effort to update the booking system, more computers will be used, and a return flight booking system will soon be drafted. □

Weekly Chronicle (December 25-31)

POLITICAL

December 26

□ Thousands of people go to the late Chairman Mao Zedong's Memorial Hall in Beijing to pay their respects to his remains today on the occasion of his 95th birthday anniversary.

The visitors include workers, farmers, cadres and intellectuals. Mao Anqing and Shao Hua, son and daughter-in-law of Mao Zedong, also go to the hall and place two baskets of flowers before their father's statue.

December 28

□ Chinese Vice-Premier Yao Yilin delivers a report on the country's current economic situation and next year's development plan to the ongoing fifth meeting of the Seventh National People's Congress Standing Committee, which opened on December 23.

December 29

□ The Chinese Communist Party Central Committee recently appointed Hu Jintao secretary of the Party Committee of the Tibet Autonomous Region.

The Central Committee also decided to remove Wu Jinhua from his post as secretary of the Party Committee of Tibet. Wu has been appointed deputy secretary of the Party group of the State Nationalities Affairs Commission.

ECONOMIC

December 26

□ A new, large oilfield recently has been discovered off the

mouth of the Yellow River, in the Bohai Sea, near the Shengli Oilfield.

Officially named Chengdao, the first sea shoal oilfield has deposits estimated at more than 100 million tons. Since early this year, four trial oil wells have tapped oil.

December 28

□ The first 410.8km of the Datong-Qinhuangdao double-track electric railway, scheduled to run from Datong in Shanxi Province to Sanhe County in Hebei Province, has been completed and begins operating today.

With a total transportation capacity of 100 million tons of coal a year, the 653km Datong-Qinhuangdao railway will be used solely for this purpose. The second phase of construction is targeted for completion in 1991.

SOCIAL

December 29

□ A Chinese Foreign Ministry spokesman says that the recent clash between the Chinese students and some African students in Nanjing, the capital of Jiangsu Province, is an "isolated incident," having nothing to do with racial discrimination.

The trouble started the evening of December 24 when two African students studying at Hehai University tried to attend a dance with two young Chinese women, and the doorkeeper asked them to show identification and register before entering. But the students refused to do so and attacked and injured 11 Chinese college employees. Two African students were also injured slightly during a fight. □

Looking Back: Southeast Asia in 1988

Most of Southeast Asia was politically abuzz in 1988 and witnessed notable economic achievements. In terms of regional affairs, the Kampuchean issue is still left pounding doors for a resolution. But the past year has welcomed the cordial relations and closer bonds between many Southeast Asian countries and China.

by Tian Zhongqing

The 1988 domestic situation in the Southeast Asian countries, except for Burma, has been fairly stable. However, Indonesia, Singapore and Thailand spent the electoral year in an intense atmosphere.

Political Stability

Suharto first became president of Indonesia in 1968 and has remained at this post for three subsequent terms. Last year, as candidate of the ruling Golkar Party, he was re-elected. In Singapore, the People's Action Party has ruled since 1959 with Lee Kuan Yew as prime minister. Last September he was again at the helm as his cabinet was sworn in. Suharto and Lee are both "strongmen," and their continuing rule is not unexpected. However, due to their age, the fate of their countries when the torch is passed draws particular world attention.

In Indonesia the vice-president may step in. Suharto laid down the ground rules before the general elections: The vice-president must win the favour of the major political forces and have the ability to lead the country. After scout-

ing around, Suharto chose Secretary of State Sudharmono to fit the bill as vice-president and admitted fresh faces, aged 40-50 years, into the new government. Sudharmono and the young cabinet members, all Suharto devotees, will form the backbone of future Indonesian leadership.

Since Singapore's 1984 general elections, Lee has committed himself to seek, nurture and test the new leaders. After he again took up the reins as prime minister last year, Lee definitely said that this was his last time to lead the cabinet round up and that the transfer of power was completed. The newly elected parliamentarians average around 44 years of age. First Deputy Prime Minister Goh Chok Tong has been appointed to oversee the daily bustle of government affairs and has already started to test the waters as prime minister. Full of confidence, Lee said that Goh and other new leaders will maintain the prosperity of Singapore when his country enters the 21st century.

In Thailand, last July the former ruling Chart Thai (Thai Nation) Party and three other parties won the majority of seats in the National Assembly election. Then they, together with two other parties,

redesigned the joint government and invited Prem Tinsulanonda to continue as prime minister. Prem, however, graciously declined, and leader of the Chart Thai Party Chatichai Choonhavan stepped in to fill his shoes. Chatichai was the first prime minister to be voted in by the citizens in 12 years. Prem was highly commended for his decision to withdraw after he served as the prime minister for eight consecutive years. He is considered to have made great contributions to the perfection of the democratic system.

Since Chatichai manned Thailand's leading post, the country's political arena has been peaceful. But some people are afraid that in a country that has frequently been racked by military coups, a prime minister who has no strong connections with the military might not be able to accomplish his mission smoothly.

Factional conflicts did tug at the seams of Malaysia's most influential United Malays National Organization (UMNO) in 1988. However, the country's Prime Minister Mahathir Mohamad won the initiative after overcoming the cabinet crisis and has maintained the political stability in Malaysia.

Last year ushered in the 90th anniversary of Philippine independence and brought Corazon Aquino's presidency to 1,000 days and beyond. After five abortive military coups, two cabinet reshuffles and a series of political murders, the political indigestion in the Philippines seems to be abating. The local elections in January of 1988 provided an arena for the various political forces to compete legally.

Although vice-President Salvador Laurel last August mustered up the Union for National Action (UNA) to drive Aquino from office, the opposition alliance has a puny voice among the Filipinos. Polls show that more than three-fourths of the populace support their president. In addition, the US Grand Jury's in-

dictment against former Philippine President Ferdinand Marcos and his wife on charges of fraud has also helped hold down the haggling over whether Marcos would be allowed to return or not and stabilize the political situation there.

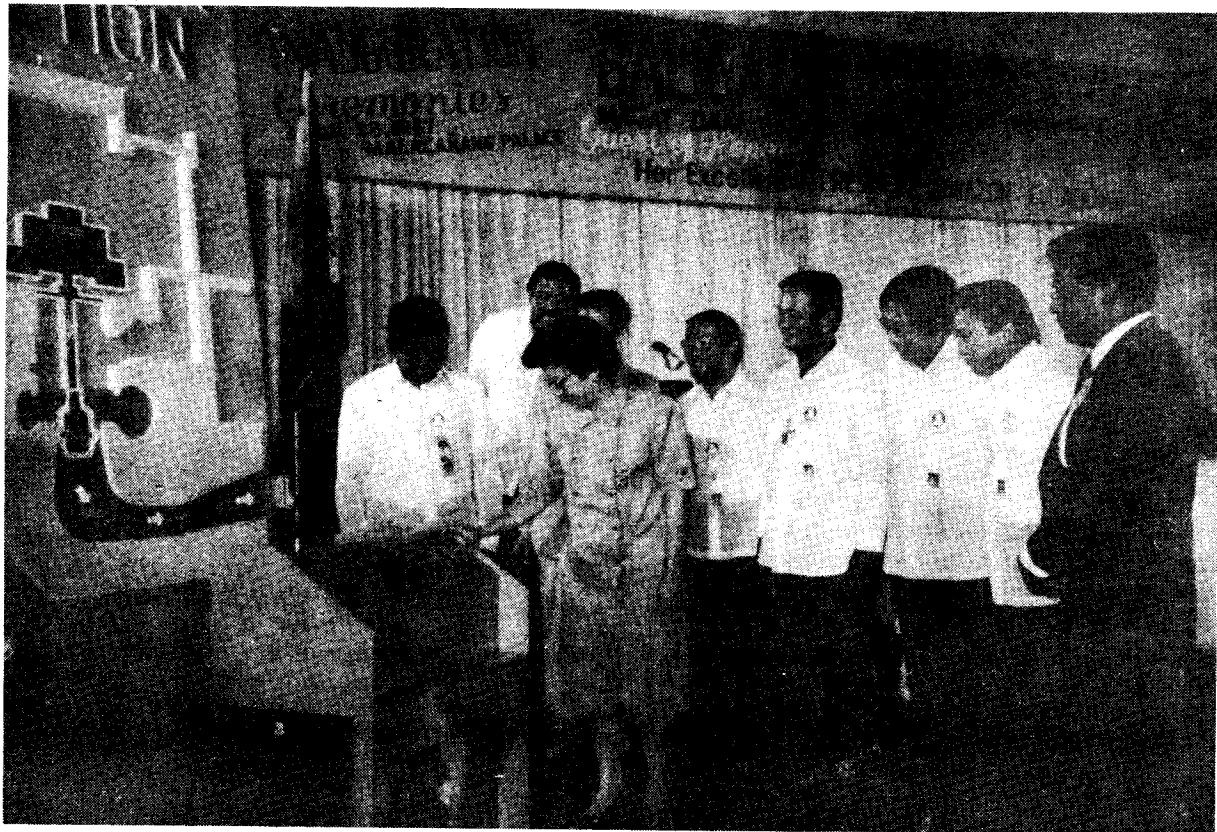
The one country in Southeast Asia which has experienced political unrest this past year has been Burma. Anti-government demonstrations took place in Rangoon, the capital, and in more than 30 other cities. First U Ne Win, chairman of the Socialist Programme Party, stepped down. Then, after a few days U Sein Lwin in the same chair and president of the Council of State, followed suit. An ensuing outcry by the Burmese people and opposition parties fin-

ally roused the People's Assembly of Burma to call for multi-party elections as early as possible. Finally in mid-September the armed forces flexed their muscle and the situation in Rangoon turned for the better. But life in Burma has not completely returned to normality. The turbulence in Burma fully proves that autocracy is not a good bedfellow for international intercourses. The irresistible trend is to practise democracy and an open-door policy.

Economic Upswing

The economic health of the Association of Southeast Asian Nations (ASEAN) was generally good last year. The

Philippine President C. Aquino pushes a button on the model of a hydroelectrical station contracted by China.



economic growth rate in Singapore, one of the "four little dragons," was 11.1 percent in the first six months. This was the highest of half-year record since 1975. Thailand took a step towards joining the newborn industrialized countries: Exports continued to climb from January to September. Staple goods such as textiles, clothings, toys, leathers and electronics sold well on the US and European markets. From rice and rubber, Thailand raked in gargantuan profits. The country also basked in the prestige of being Southeast Asia's best and ever-growing investment market. In the first three quarters alone last year Thailand approved 40 foreign-funded projects totalling nearly US\$4 billion. In the third quarter the foreign exchange reserve there tallied a tidy US\$6.8 billion, and towards the end of last year, the repayment rate on its foreign debt shrunk from 25 percent in 1985 to a current 4.5 percent. The economic growth rate of the entire year is estimated at 8.5 percent.

After a series of economic slumps, Malaysia's economy began to recover completely. The prices of its primary products, such as rubber, tin, oil palm and wood, climbed. At the same time, exports of industrial manufactured goods also jumped up. Now Malaysia is the world's top semiconductor-exporting magnet. The total export volume last year was estimated at US\$25.8 billion, with a sidecar of trade surplus at nearly US\$6.2 billion. Malaysia's total foreign debt bill tumbled from US\$21.5 billion in 1987 to around US\$20 billion last year. The economic growth rate of 1988 was 7 percent.

The Philippines also achieved considerable success-



Children of Democratic Kampuchea attend class in a thatched shack.

es in its economy. Since Aquino came to power, her government has cast about with policies to hook foreign investments. It has also initiated the privatization of state enterprises and rendered support to agriculture, with some results. The country is fertile grounds for foreign funds due to the lower cost of labour and the stable exchange rate between the peso and dollar. In the first half of last year, 5.13 billion pesos worth of foreign investments flowed into the Philippines at a rate 4.5 times greater than the same period of 1987, and the economic growth rate sprang to 6.8 percent. Besides, in October last year, the Philippines and the United States struck a bargain on subsidies for the US military bases. These will realize the Philippines US\$1.2 billion or US\$1.3 billion during the period of 1990-1991 and aid the country's economic development in the future.

Indonesia's income feeds mainly upon earnings from exported petroleum. In the past

two years Indonesia's economy has been a bit anemic due to the oil price drop. To change this situation, the Indonesian government energetically increased its supply of non-petroleum products in order to peddle them abroad. At the same time it loosened the loops of restraints on private industries and commerce. As a result, private investment last year grew wings. The inflation rate was scrunched from 9 percent in 1987 to 5 percent last year and economic growth rate for 1988 is expected to read 4.5 percent. Fundamentally, Indonesia's economy recuperated.

Although the ASEAN countries have made headway in their economies last year, they still face a thicket of difficulties. For example, Singapore faces a conspicuous labour shortage, and in Thailand, a mammoth investment in capital facilities and industrial projects has sent the inflation rate careening sharply upward. And in Malaysia and the Philippines, foreign debt is

fairly hefty.

One country that launched a reform last year was Laos, which for a long time followed in the footsteps of economic models used by the Soviet Union and Viet Nam. The Laotian government narrowed down the scale of its state farms, gradually implementing the contract system. Parcels of lands were returned to the farmers in some regions. In cities, the state enterprises were privatized, and the state enterprises with losses were cut loose. Although Laos has just begun to turn around and open up its economy, the step is a big one. This will surely make a great imprint upon the future economic development of the country.

Kampuchean Issue

In 1988 the Kampuchean issue has stuck out like a sore thumb in the Southeast Asian region. As global tensions eased and hot spots such as the war between Iran and Iraq and Afghanistan cooled down, the desire of the Southeast Asian countries for a reasonable settlement of the Kampuchean question became urgent. In the latter part of last July the countries of ASEAN, Laos, Viet Nam and the four factions of Kampuchea held an informal meeting on the Kampuchean issue at Bosor in Indonesia. Because of Viet Nam's obstruction and intervention, the meeting got nowhere. In addition, Prince Norodom Sihanouk and "premier" of the Phnom Penh regime Hun Sen, and Sihanouk, Hun Sen and Son Sann respectively held talks, but these talks have not achieved any substantial progress.

The key to a settlement of

the Kampuchean issue is for Viet Nam to immediately and unconditionally withdraw its troops from Kampuchea. After Hanoi pulls out its troops, the four parties of Kampuchea will form a provisional coalition government headed by Sihanouk and make preparations for general elections there. Neither party is allowed to take the power alone, nor is allowed to exclude any other party's voice in Kampuchea. The alternative is an endless internal war in that country. The reason is clear.

However, Viet Nam bull-headedly refused to withdraw its troops from Kampuchea in accordance with the timetable offered by the Coalition Government of Democratic Kampuchea. And in the meantime it has begun a bombardment of propaganda on eliminating the Khmer Rouge and its armed forces, in an attempt to shut out the Democratic Kampuchean faction from a future coalition government. At last year's UN General Assembly session the ASEAN countries continued their demand for a Vietnamese troop withdrawal from Kampuchea as soon as possible. This has reflected their solemn resolve on the Kampuchean issue.

China's Relations

The past 12 months have seen the friendly and economic co-operative relations between China and many Southeast Asian countries strengthened.

The "neighbour plus relative" friendship between the Philippines and China was braced by President C. Aquino's debut in China. Since she came to power, trade between the two countries has in-

creased annually and the trade imbalance has improved. The two nations have also pushed for exchanges of education, culture and arts. Aquino reaffirmed her government's persistent policy of recognizing only one China and signed an Administrative Decree 313, stipulating that the Philippines has solely unofficial relations with Taiwan, such as the promotion of economic development and social intercourses.

China was the first country to lay out the welcome mat for Aquino after she became president. Last April she visited her ancestors' home village of Hongjian in Fujian's Longhai County, China. During her stay, the Philippines and China signed a trade protocol and memorandum and co-operative agreements of agriculture, science and technology.

Prime Minister Lee of Singapore made his fourth trek to China last year. After his 1985 visit, China and Singapore penned agreements on the protection of investments, the avoidance of double taxes, tourism and civil aviation. The two countries have opened new arteries for various exchanges and co-operations in economy, trade, science and technology and culture, and the results have been fruitful. During Lee's latest visit to China, both sides discussed the trade balance, an increase of investments and the establishment of joint ventures.

Last year Indonesia sent a sizeable trade delegation to visit China. After many years of consultations, Malaysia and China formally signed a trade agreement. All these mark the potential development of economic co-operation between China and ASEAN in the future. □

Eastern Powers Thaw Lines to S. Korea

As world tensions are tending to ease up, the relations between South Korea and the Soviet Union and East European countries, which had frozen for 40 years, have begun to thaw.

by Ruo Yu

Towards the end of 1987, South Korea's president-elect Roh Tae Woo put forward his tentative ideas in the form of a three-phased policy towards the North: First, the relations between South Korea and the Soviet Union and the East European countries would expand from sport exchanges into economic co-operation and then, the establishment of diplomatic contact. In March 1988 Roh backed up this step at a meeting of "envoys" where he again stressed that better relations with the socialist countries has become the bull's-eye of diplomatic targets.

Meanwhile, in order to push ahead with their domestic economic and political reforms, fine-tune foreign policies and open avenues to the outside world, the Soviet Union and East European countries also needed to conduct intercourses with South Korea. This mutual groping has gradually opened doors long closed and both sides have begun to exchange.

Hungary Leads

After World War II, the Korean Peninsula was divided into the North and the South, and the latter was unrecognized by the Soviet Union and other East European countries. Therefore, the two sides remained blind neighbours and alone. Entering the 1980s,

however, their economic and trade exchanges discreetly developed, though the political barriers between them have not crumbled. Statistics read an annual trade volume between South Korea and these countries of at least US\$300 million. In 1987 it soared to US\$500 million. About 200 South Korean corporations have indirectly conducted trade with these countries through their trade offices in Austria, Switzerland, Sweden and the Federal Republic of Germany.

As the world undergoes changes and these countries alter their foreign policies accordingly, the relations between South Korea and these countries have become more direct, more open and even more political in nature. Since early 1988, this has been a new and unprecedented trend.

Among the Soviet Union and East European countries, Hungary was the first to advance relations with South Korea. Hungary not only was the first in line to sign up for the Olympics in Seoul, but it also was first to set up a trade office there. In June of 1987 the Hungarian Chamber of Commerce raised cups with the South Korean Chamber of Commerce and Industry in an agreement to establish such offices. It is also noteworthy that the day before the Olympian fire was kindled, Hungary and South Korea shook hands on an agreement to send permanent delegations to each

other's capitals. Such negotiations were set as the springboard for establishing current diplomatic relations. Likewise, not long ago in an interview with a South Korean correspondent, General Secretary of the Hungarian Socialist Workers' Party Karoly Grosz expressed his desire to visit Seoul soon.

Olympic Contact

When the Soviet Union and East European countries decided to warm up their relations with South Korea, the Seoul Olympics provided a good opportunity for them to make mutual contact. These Eastern powers not only entered their names for the games, but also sent sport delegations and groups to Seoul many times to practise and to scout the facilities.

Beyond this, the Soviet Union also sent a consular corps to Seoul to deal with the consular affairs during the Olympics. And the Soviet mission was further enhanced by performances of the Soviet Ballet Troupe of the Soviet theatre and the Moscow Symphony Orchestra in Seoul. Roh Tae Woo himself watched the Soviet Ballet Troupe's performance and received the conseller of the Soviet Foreign Ministry.

During his recent stay in Pyongyang, Soviet Foreign Minister Eduard Shevard-

nadze said that the Soviet Union was not ready to formally recognize South Korea, and it would not attempt to establish political and diplomatic relations with Seoul. However, not long ago, when he visited Japan, the vice-president of the Soviet-Japanese Association publicly said that the establishment of diplomatic relations with South Korea was not to be counted out.

Soviet leader Mikhail Gorbachev, at Krasnoyarsk, a Siberian city, made it clear that if some of the hard feelings haunting the Korean Peninsula due to historical differences could be cleared up, the Soviet Union might establish economic relations with South Korea. Not long ago a Soviet Chamber of Commerce and Industry delegation took up an invitation to visit Seoul and consequently signed a series of economic agreements with South Korea. The head of this delegation said that after two months, the Soviet Union would announce a plan larger than the one that opened the trade office. According to reports, Czechoslovakia, the German Democratic Republic, Bulgaria and Poland are also planning to set up trade offices in each other's capitals with South Korea.

Mutual Needs

International eyes see the development of relations of the Soviet Union and East European countries with South Korea as moves of economic self-interest. Hungarian officials said that their country has to seek any helping hand, including that of South Korea, that will help pull it out of its economic quagmire. East Eu-

ropean sources believe that South Korea's star attraction is its preferential trade terms. With the present rumbling between Tokyo and Moscow over the issue of northern territories, the Soviet Union sorely needs technology from South Korea in order to exploit its Far East and Siberia. Some note that Gorbachev in his Far Eastern speech on September 16, 1988 seemed to tip his hat in recognition of South Korea when he cited it as one power involved in the proposed multilateral discussions on Asian-Pacific security. The Kremlin is attempting to enlarge its influence in the Asian-Pacific region by promoting its relations with South Korea.

As for South Korea, its interests in this affair are mainly political. On the one hand, it is attempting to pump up its international prestige by siphoning strength from the Soviet Union and East European countries. On the other, it is trying to discard the image of being "little brother" to the United States, because the image is not compatible with its economic strength. Also, the huge markets of the Soviet Union and East European countries also have a strong allure for South Korea.

Unknown Factors

A whisper of change has now taken place in the Korean Peninsula and Northeast Asia. The swift growth of relations between the Soviet Union, East European countries and South Korea has given a push to such changes and caused a loud repercussion. First, the DPRK demanded that Hungary renounce the mutual establishment of permanent representative offices, warning that

it should take the responsibility for all the consequences arising therefrom if Hungary turned a deaf ear. At the same time, the DPRK recalled its ambassador to Hungary.

Second, South Korea is not willing to be a small US partner. Although Roh Tae Woo recently pledged to maintain "firm relations" with the United States, anti-US sentiment among the South Koreans is mounting.

Third, the Japanese people cherish complex feelings. Not long ago Japan announced exclusive rights to helping the Soviet Union exploit Siberia. Now Japan fears being shunted.

Fourth, criss-crossing the development of South Korea's relations with Eastern countries is a new flexibility in regard to North Korea's relations with the United States and Japan. The US State Department has authorized its diplomats to contact North Korean diplomats on neutral ground and has allowed the North Korean people from cultural, sports and academic circles to pay unofficial US visits. Also, Japanese Prime Minister Noboru Takeshita has bluntly said, "It is time for Japan to improve relations with North Korea." The DPRK has even stepped forth to issue a package of peace proposals, including the phased disarmament on the Korean Peninsula and the relaxation of political and military confrontations between the two sides.

International analysts say that the situation on the Korean Peninsula cannot change overnight, but the further development of the relations of the Soviet Union and East European countries with South Korea will bring forth an increasing influence. □

NEWS ANALYSIS

Mongolia Rides the Tide of Reform

The prevailing wave of reform and openness in socialist countries has propelled Ulan Bator in its drive to reform Mongolia's ideology and economic system.

by She Duanzhi

On December 21, 1988, Jambyn Batmonh, general secretary of the Mongolian People's Revolutionary Party (MPRP) and chairman of the Presidium of the People's Great Hural (assembly), gave former Mongolian leaders a tongue-lashing and pledged to reform his Party.

The Mongolian leader's criticism came in a statement contained in a report delivered at the 5th Plenary Session of the 19th Congress of the MPRP, which was held December 21-22 in Ulan Bator. The report, titled On the New Task of Improving the Party's Organizational and Ideological Work, stated that although former leader Horloogiyn Choybalsan, who was at the helm of Mongolia from the late 1930s to the early 1950s, made great contributions to the founding of modern Mongolia, he committed criminal acts during his later years.

A resolution passed at the session said that consequences resulting from the personal cult and serious violations of revolutionary morals by Choybalsan must be eliminated. It also called for a committee to be set up to finish the work of rehabilitating the victims of Choybalsan's wrongdoings.

According to Batmonh, another leader, Yumjaagiyn Tsendenbal, who succeeded Choybalsan until 1984, monopol-

ized all the power and weakened the collective leadership of the Party, although he likewise contributed much to the socialist construction of Mongolia and the development of friendship between the Mongolians and other peoples in the world.

This is the first time the Mongolian authorities openly addressed the merits and undressed the demerits of the former leaders. Such questions used to be forbidden zones in most socialist countries.

Meanwhile, the resolution said that all the Party's organizations and individuals should vigorously cultivate the principle of collective leadership and that in the first half of 1989, measures should be taken to reform the Central Committee of the MPRP. Party organizations at provincial and municipal levels should also be adjusted according to policies formulated by the Central Committee. There will also be a change in the legal system in order to safeguard reforms, democracy and openness.

The resolution also pointed out that the Law on State Enterprises, which was published on April 29, 1988, should be resolutely implemented in regard to economic reforms. These debuted this year in accordance with a decision adopted at the 19th Congress of the MPRP in 1986. The ma-

major principles now being fielded are an economic accounting system, self-funding, self-responsibility for profits and losses, and an expansion of enterprise autonomy.

Ulan Bator's economic and political reform measures look familiar and parallel other socialist countries' reform drives. This is the fourth year of Soviet leader Mikhail Gorbachev's campaign for *perestroika* (restructuring) and *glasnost* (openness), and hopes for his success seem to be on the rise. For many years the Soviet Union has been Ulan Bator's major political, economic and military chum and model of policies. Now, in the Soviet Union, the old dogmatic, rigid and over-centralized economic system is undergoing major surgery, social life is becoming more democratic, and relations with the United States and other Western countries are being improved. These changes greatly inspired and encouraged most of the Soviet Union's allies. Mongolia, a close ally of Moscow's, is of course involved.

Under the policy of *glasnost*, a campaign to rewrite Soviet history and re-evaluate former Soviet leaders is steadily gaining momentum in the Soviet Union. By taking a new look at its former leaders, the MPRP appears to be in pace with its Moscow ally and in conformity with its people's desire. □

The Evolution of Socialism

by Zhao Yao

At the present moment in time, the world's primary characteristic is the existence of two social conditions—socialism and capitalism—under which exist a further multiplicity of political and economic systems, challenging each other, but essentially coexisting.

This situation, however, is anything but static.

In the face of the enormous scientific and technological revolution of the last few decades, both socialism and capitalism are undergoing great changes. Effectively, both systems are in a stage of transition, from traditional to modern capitalism and from traditional to modern socialism. These are tremendous changes marking important stages of history. People must adapt themselves to these transformations and strive to reunderstand both socialism and capitalism and the relations between the two.

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The author is a professor of the Scientific Socialism Teaching and Research Section affiliated to the CPC Central Committee's Party School.



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Drawbacks of Traditional Socialism

As World War II ended, a number of countries across Europe and Asia declared themselves socialist. Without exception, they established economic and political systems along the lines of the Soviet model.

For a period, this model had appeared to offer a true alternative to capitalist development. When the Soviet Union was the world's only socialist state, its emphasis on centralized planning had enabled it to concentrate its limited labour, material and financial resources on the areas of construction and defence which most required them. The Soviet people, possessed with a great revolutionary enthusiasm after securing their own liberation, went on to realize considerable achievements.

This traditional pattern also played a valuable role in aiding China and other socialist countries to recover and develop their national economies and achieve socialist industrialization. However, this centralized system proved also to have many drawbacks. It encouraged the growth of cumbersome bureaucracies which often issued arbitrary and impracticable orders and led to frequent abuses of power for personal gain. It also removed the impetus for enterprise managements and work forces to act on their own initiative and so resulted in highly inefficient production with a nar-

row range of products, frequently of poor quality.

As a result, first China and some East European countries and then the Soviet Union came to realize that the traditional model of socialism, created under specific historical conditions, had become a serious obstacle for the development of socialism.

In my opinion, there are three major reasons explaining the formation of the traditional socialist pattern and its drawbacks: the fact that no socialist state had ever existed before the Russian Revolution and so the Soviet Union had no experiences to draw on in establishing its economic and political systems, the special historical conditions of Russia up to and after the revolution, and the continuing influence of feudal ideas. It is important not to attribute all the shortcomings of the traditional model to just one of these factors, nor simply to major individuals and their personal ideologies.

Varieties of Socialism

From the 1920s to the 1950s, people widely agreed that the Soviet model of socialism was the only true model. Therefore new socialist states had to mechanically copy it. However, even as early as 1948 the mould had started to crack. As relations deteriorated between the USSR and Yugoslavia, the latter country was forced to seek a new socialist pattern independently. After the mid-1950s, increasing numbers of the European and Asian socialist countries began to voice opinions that the traditional model hindered the development of productive forces: what was needed were reforms tailored to suit the

needs of individual countries.

Thus, out of the monolithic Soviet model began to emerge national patterns: the Yugoslavian, Hungarian, Polish, Bulgarian, and Chinese. Socialist societies started to become more varied, incorporating many of their own national characteristics. It is certain that as socialism continues to develop, yet more varieties will appear.

National varieties, however, have been forced to confront one universal transformation: the transition from traditional to modern socialism. Across a large majority of the socialist countries, reform has become the key word and task. The goal is replacing the closed and ossified structures of the traditional pattern with a new form of socialism, full of vigour and vitality. In essence reform is a renewal and recreation of socialism, aimed at establishing a multiplicity of socialist models. As such, reform is the demand of the present epoch.

The overarching theme of reform has surfaced for several reasons. First, the scientific and technological revolution of the postwar era, particularly since the 1960s, has made it a necessity. As an entire realm of technology has sprung up around micro-electronics, the face of production has been transformed in many countries, accompanied by social change.

In the light of this revolution, a majority of the world's countries, including the socialist ones, are readjusting their economic and industrial structures and policies. It is the states who modernize successfully and occupy the technological high ground who will lead the world during the opening years of the next century.

Second, it is an impossibility for a state to exist in isolation from the rest of the world. No matter what the contradictions may be between countries with different (or even similar) social systems, economic, technological and cultural exchanges between countries have not only become more frequent but also more necessary. The world is growing increasingly integrated, and isolation cannot meet the demands of modern socialism.

Finally, reform is required to tailor the socialism of each socialist country to its own national conditions. It has become increasingly apparent that although Marxism possesses universal validity, it has to be tied to the concrete practices of an individual state if a successful socialist pattern is to emerge.

The Nature of Modern Socialism

As socialism around the world transforms itself from the traditional Soviet model to a multiplicity of modern patterns, various universal trends can be noted:

□ New forms of economic ownership have emerged alongside state ownership, although state ownership remains predominant.

□ Within public-owned organizations, experiments have been conducted with the form of state and collective structures to increase productivity.

□ The sole distribution principle of "to each according to his work" remains dominant, but other forms of income have been introduced.

□ The economic emphasis has shifted from being product oriented to commodity oriented.

□ Systems of centralized planning have increasingly been

replaced with a combination of regulation by state planning and the market, while solely mandatory planning is being replaced with a combination of mandatory and guidance planning, with the latter holding a dominant place.

□ Increasing economic contacts with other countries rather than pursuing isolation.

□ The decentralization and delegation of management powers to lower levels.

□ Replacing administration of economic matters with the greater use of economic levers and incentives, while simultaneously replacing the reliance on the mass enthusiasm of work forces with a stress on individual material interests.

□ In politics, moving the emphasis from the dictatorship of the proletariat and the role of the state as a suppressive force to the growth and development of democracy.

□ Restructuring Communist Party organizations and their role in the political life of a state to reform and improve leadership.

□ A growing awareness of the freedom and rights of the individual.

Overall, modern socialism has to emerge as a system of high efficiency, possessing abundant vigour and vitality. It must have structures conducive to the realization of prosperity, democracy, the advancement of culture, justice, equality and peace. Achieving it will undoubtedly take a considerable period—but it must occur if modern socialism is to withstand the challenges of modern capitalism. But once realized, it will figure as one of the most important milestones in the history of the development of socialism.

□

FORUM

Modern Capitalism Reassessed

by Lu Congming

Since the 1950s, capitalism has advanced to a new stage, labelled "social capitalism" by Lu Congming, associate professor of the CPC Central Committee's Party School. He argues that many of its primary features, such as social welfare programmes and joint stock companies, have laid the foundations for a peaceful transition to socialism, and furthermore, that the reunderstanding of modern capitalism is an essential premise for the reunderstanding of socialism.

This article offers a further theoretical analysis of modern capitalism following Xu Jiatus's essay "Reunderstanding Capitalism" in Beijing Review No. 46, 1988.



Developments in the world's economy and politics have not only confronted people with the pressing demand to reunderstand socialism, but have also called for the reunderstanding

of modern capitalism. Indeed, in a certain sense, the reunderstanding of modern capitalism is the premise for the reunderstanding of socialism. This reunderstanding should not be based on dogmatic doctrines but on a close analysis of capitalism's new practices.

In my view, since its emergence more than 300 years ago, capitalism has experienced three stages.

The first stage, from its birth to the late-19th century, was the stage of laissez-faire capitalism.

The second stage, from the late 19th century to the 1950s, was the stage of imperialism.

The third stage, which has developed since the 1950s, is the stage of social capitalism. Comparing the current prac-

tices of the developed capitalist countries (the principal representatives of modern world capitalism) with the previous stages, this stage has the following chief features:

(1) The scientific and technological revolution, marked principally by electronic computers, atomic energy and bioengineering, has both raised capitalist socialized production to a higher plane and provided the capitalist system with a more solid material and technical foundation. This has raised social production to an unprecedented level during the postwar period in the principal capitalist countries.

(2) The socialization of capital has advanced to a higher stage. Principally, this is because of the universal development of joint-stock companies. On the one hand, this has spread the ownership of capital ever wider and increasingly separated both proprietary rights from occupation and management rights from ownership of the means of production. On the other, it has stimulated the rapid growth of transnational corporations and promoted the internationalization of capital, offering the capitalist economy more freedom to manoeuvre and facilitating its expansion and growth.

(3) The state has further strengthened and improved its macro-regulation and control of the social economy and, to a certain extent, has overcome the faults of pure regulation by the market and excessive monopoly. Thus it has weakened the anarchic nature of production, helped ease economic crises, and ensured the stable development of the social economy.

(4) Marked changes have taken place in the class struc-

ture of capitalist societies. Whereas previously this could be likened to a pyramid—with a small number of the rich at the apex and the large masses of the poor at the base—now, it looks more like a diamond. Rich people are extremely small in number, and so are

To sum up, modern capitalism has not fundamentally altered its system of exploitation, nor has it eliminated monopolies in its economies or its inherent contradictions and drawbacks. It is still fundamentally a temporary system. However, we should concede that it has laid a series of mature foundations and possible ways for a transition to socialism.

the very poor. People with middle-level incomes are in the majority. Mental labourers now occupy an increasingly important place in society. Since the 1950s, both real wages and expenditure on social welfare have increased by a large margin, and the livelihoods of all working people have basically been ensured.

(5) Developed capitalist countries have significantly changed their foreign policies. In the past, they mainly relied on threats of force and war to exploit underdeveloped coun-

tries and compete for world hegemony. Now, they mainly rely on advanced science, technology and the advantages of the commodity economy to achieve the same objectives by peaceful, economic means.

(6) In some developed capitalist countries, democracy is being increasingly stressed and the legal system is constantly being improved. Social life, ideology and culture have become more liberalized.

Social Capitalism

To sum up, modern capitalism has not fundamentally altered its system of exploitation, nor has it eliminated monopolies in its economies or its inherent contradictions and drawbacks. It is still fundamentally a temporary system. However, we should concede that it has laid a series of mature foundations and possible ways for a transition to socialism.

According to historical dialectics, the transition from capitalism to socialism is a natural historical process of quantitative change resulting in qualitative change, and partial qualitative change advancing to complete qualitative change. In fact, certain socialist features have already appeared in modern capitalist societies. These include state ownership, the universal development of joint-stock companies, and the increasing separation of the ultimate ownership of capital from the rights of occupation and management, all of which contain the seeds for a transition to the social ownership of the means of production. These features are supplemented by factors such as workers' participation in enterprise management and the respect with which enter-

prises now stress the value of their work forces so as to cultivate a sense of shared identity and goals. The state's macro-regulation and control of the social economy actually signals the beginning of a planned economy. The redistribution of income by governments and the development of social welfare measures have narrowed the gap between the rich and the poor, basically ensuring reasonable living standards for all working people. Other factors include the narrowing of the gap between the cities and the countryside.

It should be noted that these socialist features, although widespread, do not necessarily all exist in every developed capitalist country. They indicate, however, that modern capitalism has begun the natural historical process of the transition to socialism. This process will last a long time, and, given the circumstances of developed capitalism and the characteristics of the present era, will generally not be violent. Global socialism will thus be realized peacefully.

Since modern capitalism has reached a higher stage with the socialization of production, capital and daily life, and has already begun the natural historical process of the transition to socialism, it is appropriate to label it "social capitalism."

Great Significance

To correctly understand the stages of social development is a basic theoretical problem of universal significance. To clearly understand that capitalism has now entered a third stage, the stage of social capitalism is of great theoretical and practical significance.

First, it helps people gain a

correct and thorough understanding of modern capitalism. In the past, equipped only with the limited theory of imperialism, there was a large gulf between our view of capitalism and its actuality. Although we have already made some breakthroughs in certain concrete matters in this area, we have not fully resolved various fundamental theoretical problems. If the concept of social capitalism can be affirmed, we will gain a new theoretical basis for correctly understanding modern capitalism.

Second, it helps us gain a correct understanding of the nature of the present time and China's current central tasks. As capitalism has evolved from imperialism to social capitalism, a series of major changes have occurred. Up to the 1950s, the world was in the era of imperialism and proletarian revolution, characterized by war and revolution. With the development of social capitalism, the world entered a period of peace and progress, in which the capitalist system and the socialist system have coexisted and competed peacefully for the most part. Peace, development and reform have become the main themes of this epoch. A clear understanding of this helps us realize that the central tasks during the primary stage of socialism are to develop our productive forces and adopt policies that promote world peace.

Third, it helps us reunderstand socialism. Given the development of social capitalism, socialism will not grow from its ruins. Instead, developed capitalism will gradually evolve socialist factors and begin the transition to socialism. It is likely to complete this process through peace-

ful means. This, perhaps, will be the typical and principal way in which socialism will replace capitalism in the onward march of history.

The socialist economy and the capitalist economy are not absolutely opposed to each other. For instance, they both can be categorized as socialized commodity economies, which share similar forms and mechanisms of economic operation. Socialist countries must endeavour to develop commodity economies by establishing an economic system and order which facilitates a planned commodity economy.

Fourth, it urges us to adhere conscientiously to our open policy. The basic standard by which both socialism and capitalism can be gauged is the level of their productive forces. Measured on this scale, we must concede that modern capitalism still has a certain vitality, it has realized many of the recent achievements of human civilization, and is the "highest seat of learning" for studying the socialized commodity economy. Such being the case, our previous attitude of negating and criticizing capitalism should be replaced by affirmation and study. Of course, what must be negated in capitalism should still be repudiated. This understanding will help us to open our door wider to the outside world, to develop further exchanges with foreign countries, to absorb foreign funding and import technology. We should strive to benefit from the experience Western countries have gained in developing their socialized commodity economies so as to promote the development of our reform programme and modernization drive.

In short, I believe only by accepting the thesis that capi-

talism has entered a third stage, that of social capitalism, can we truly adhere to and develop Marxism. The development of modern scientific socialism is the product of modern practices. These not only include the practices of the so-

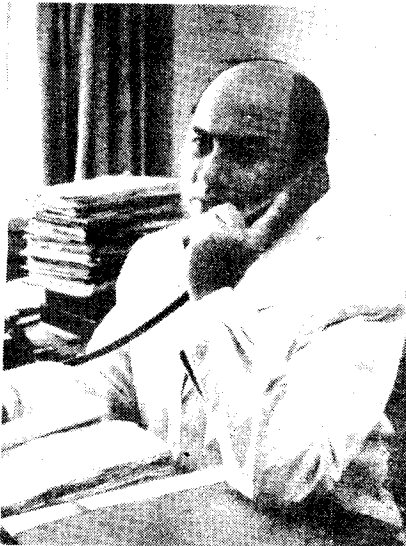
cialist countries in building socialism, but also the practices of the capitalist countries in developing socialized commodity economies. Only by correctly combining these practices and confirming our theories of the two stages (the

primary stage of socialism and the stage of social capitalism) can we advance Marxism.

(This article originally appeared in *Guangming Daily*, November 21, 1988)

Progress in Marrow Transplants

by Yi Yao



Professor Lu Daopei, director of the Hematopathy Research Institute of the Beijing Medical University.

CHEN ZONGLIE

Around the world, great steps have been made in curing leukaemia through bone marrow transplants. China's research in this field began in the 1960s. Indeed, its first successful transplant operation was conducted in 1964 on Zhang Qiulan, a Beijing factory worker who is still alive and in good health. Not only was this the first successful case in Asia,

but it was also the fifth worldwide.

During the ten chaotic years of the "cultural revolution," however, research into marrow transplants was suspended. As a result, this major achievement of Chinese medicine was not publicized in either foreign or Chinese medical journals until the early 1980s.

The man responsible for this historic operation, Lu Daopei, is now the director of the Hematopathy Research Institute at Beijing Medical University. He organized a group of seven doctors to resume research into marrow transplants in 1980 following a visit to Britain to investigate progress in marrow transplantation.

Discovering that there were already 100 transplant units in North America, Western and Eastern Europe, he resolved to continue his work in China. Now, with considerable help from the state, marrow transplants in China have a success rate of 80 percent.

Progress has been so rapid that, when James O. Armitage, an American marrow transplant expert, visited the country on a lecture tour last year

he said China had two unforgettable things: its Great Wall and its marrow transplant techniques.

When James O. Armitage, an American marrow transplant expert, visited the country on a lecture tour last year he said China had two unforgettable things: its Great Wall and its marrow transplant techniques.

Healthy Achievements

In 1981, Lu's Hematopathy Research Institute combined forces with the Beijing Oncological Research Institute and the Pediatric Research Institute to conduct its first successful marrow transplant to cure acute monocyte leukaemia. To date, another 53 of these operations have been carried out, as well as seven isogenetic transplants (one's involving marrow with the same genetic structure).

Now, several other hospitals in Shanghai, Zhengzhou, Xinjiang and Guangzhou, plus some military hospitals, also have the facilities and tech-

niques to perform marrow transplants.

To avoid the possible medical complications of implanting bone marrow from another person, China has also developed techniques of removing marrow, purifying it through chemotherapy, and then infusing it back into a patient. This also has the advantage of overcoming the problems of limited marrow supplies and finding a donor with the same type of marrow. Although the relapse rate of these operations is high, 107 such transplants have been successfully conducted in this way on people with leukaemia and malignant tumours.

At present, various hospitals have the facilities to perform these transplants including the Academy of Medical Science's Blood Research Institute, the Hematopathy Research Institute, the Academy of Military and Medical Science, and Shanghai's No. 1 and No. 2 Medical Universities.

New Advances

During marrow transplants, patients have to receive radioactive treatment so that their immune system can be fully suppressed and all their leucocytes (the white or colourless blood corpuscles found in the lymph) killed to prevent post-operative infections of the newly implanted marrow.

Abroad, the standard radioactive dose of such treatment is around 800-1,200 rads—sufficient to cause complications or even seriously damage the patient's internal organs. After repeated experiments, however, Chinese researchers have developed various supplementary measures which

lower the radioactive exposure to 600-770 rads.

Chinese researchers have also made great strides in advancing knowledge on bone marrow's role in the body's immune system.

As well as manufacturing blood, bone marrow plays a vi-

When James O. Armitage, an American marrow transplant expert, visited the country on a lecture tour last year he said China had two unforgettable things: its Great Wall and its marrow transplant techniques.

tal role in the body's immune system. A lack of knowledge of this function, had previously led to all allogeneic tran-

splants (those involving marrow taken from another person) resulting in complications.

Experts from the Hematopathy Research Institute, however, discovered that placental globulin contained various antibodies that could both resist viral and bacterial infections and play a role in regulating the immune system. Trials soon revealed that when used in marrow transplants, placental globulin effectively inhibited the immune functions of the new marrow while simultaneously combating infections in the recipient.

Further research has led to the discovery that placental globulin can both regulate the density of immunoglobulin in the body and affect the functioning and reproduction of T, B lymphocytes, making it an effective preventative medicine for many infectious diseases.

In their work on immune inhibition, Chinese scientists have succeeded in extracting several materials from garlic

Professor Lu Daopei (middle) examines a patient's medical record with two of his colleagues.

CHEN ZONGLIE



which can be incorporated into medications.

Quality to Quantity

China's latest advances in marrow transplantation are equal to the clinical achievements of other countries. The main difference between operations in the developed countries and China lies not in quality but in quantity—and here the handicap is a lack of funds and insufficient donors.

In many overseas countries, marrow can safely be stored while waiting to be used, and voluntary donation is regarded as a laudable social act. In China, ignorance remains a major factor in stopping people from allowing a small amount of marrow to be extracted, even though it will have no effect at all on their physiological functions.

It is encouraging, however, that the government has made marrow transplantation a key item and hi-tech research subject for the Seventh Five-Year

Plan period.

Several departments specializing in transplant research have been established, among them a centre at the Beijing Medical University as well equipped as any similar unit in the developed countries.

Although the task of giving a new lease of life to all leukaemia sufferers is unlikely to be solved within one generation, Chinese medical and research staff are confident that it will not be too long before this illness is completely eradicated. □

SHANDONG PENINSULA (II)

Rural Enterprises Flourishing

by Our Correspondent Lou Xinyue

As the Shandong Peninsula has opened to the outside world, its export-oriented township enterprises have become a new force in the local economy.

Decade of Development

The township enterprises of the Shandong Peninsula have expanded rapidly both in size and number over the last 10 years. According to Yantai's Township Enterprise Bureau, the city only had 966 such enterprises in 1976, and their annual output value amounted to just 198.02 million yuan. By the end of 1987, however, the number had expanded to 53,000 and output value to 4.3 billion yuan—45 percent of the city's industrial output value. Now, these enterprises

employ 800,000 workers (14 percent of Yantai's population) and have fixed assets valued at 2.4 billion yuan.

In the neighbouring city of Weihai, township enterprises generated 2.8 billion yuan in industrial output value during 1987—54 percent of the city's total.

The success of township enterprises in the Shandong Peninsula can be put down to a decade of development. Since the introduction of the contract responsibility system in the early 1980s, remuneration has become directly linked to production, and businessmen have had no trouble finding cheap labour from the large body of surplus rural workers.

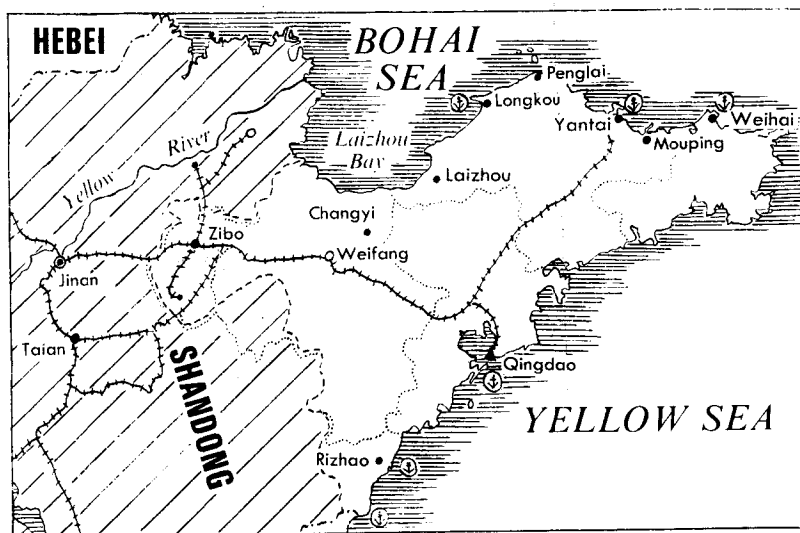
According to Zhang Jin, Weihai's deputy mayor, the numbers of people working in agriculture, township enterprises and services in the city's

rural areas are all roughly equal. Township enterprises have effectively absorbed the area's surplus rural labour and radically altered the structure of its production. At the same time, many of the villages, which have the largest concentration of township enterprises, have effectively become small towns. Weihai has now drawn up plans to establish 76 satellite towns in its vicinity, and construction programmes have already begun in 25 of them.

Gradually the age-old tradition of working in the fields from dawn to sunset has been pushed aside. As industry and commerce have penetrated ever deeper into the region, a new way of life is emerging, and with it a whole set of new conceptions—such as markets, competition and efficiency.

Already 66 villages in Yantai have moved on from the

SKETCH MAP OF THE OPEN ECONOMIC ZONE IN SHANDONG PENINSULA



contract responsibility system of individual farming to letting the best farmers manage large tracts that can be farmed more intensively and efficiently.

Linliu District in the city of Zibo has been pumping part of its township enterprises-generated funds into agriculture for several years. As a result, more than 98 percent of its arable farmland is tractor-ploughed, 80 percent is machine-sowed and 60 percent is machine-harvested. The city now has almost 12,000 households specializing in planting grain and 2,800 specializing in fish breeding and poultry raising.

Household Gains

As the township enterprises have brought more money into the Shandong Peninsula, living standards have risen fast in ordinary households. In the village of Changjiazhuang

near the city of Weifang, 80 percent of the inhabitants have new homes separated from each other by courtyards. In Weihai's Huanchui District, funds accumulated by enterprises have been used to offer a 5,000 yuan subsidy for every family that wanted to build a new home. As a result, 60 percent of households now live in their own two-storey houses. Inside, carpets on the floor, tapestries on the walls and a wide range of household electrical appliances such as colour televisions, refrigerators and stereos are widespread indicators of a new affluence.

As their enterprises have prospered and accumulated funds, many villages have started to establish social welfare systems. Liuhang village near Zibo, for example, has a population of 650. In 1987, they earned a total of 11.07 million yuan through the village's three factories and a tannery. They added 1.4 million

yuan of their earnings to bring their total accumulation fund to 7.93 million yuan. With such a sum tucked away, medical treatment in the village can be subsidized, nurseries and schools are free, and in-service soldiers drafted from the village receive exactly the same treatment as their folk villagers. The village has also introduced a retirement system for men at 55 and woman at 50, both with a pension of 45-60 yuan a month.

Recently the village has put 1.2 million yuan into building a recreation complex complete with swimming pool, artificial lake, children's playground, library, exhibition hall and roller-skating rink. Last July, the village hosted a swimming championship for organizations affiliated to the Huadong broadcasting station.

International Outlook

With the opening up of China's coastal regions, many well-established township enterprises have turned their eyes to international markets. According to official information provided by the city of Qingdao, the 500 township enterprises under its jurisdiction had exported goods worth 306 million yuan by the end of 1987.

Xiu Shanyi is responsible for overseeing the work of the Shandong Peninsula open economic zone. He reports that every village in the region now has agricultural and industrial products to export.

Yantai has drawn up a programme for developing an export-oriented economy and founded a foreign economic and technology service corporation. It has defined 200 township enterprises as key sites for

the development of a processing industry for assembling imported parts and raw materials to designs supplied by overseas clients. It has borrowed 80 million yuan from the Agriculture Bank to modernize equipment and increase productivity in 60 of the city's 90 enterprises that earn foreign exchange through exporting goods. It has also conducted a series of 15 classes on foreign trade, training 500 managerial and other personnel on how to sell their goods abroad.

During the first half of 1988, the output value of export goods produced by Yantai's township enterprises was 174.18 million yuan, a rise of 254.8 percent on the corresponding period in 1987. To date, US\$8 million has been attracted from abroad for the city's 26 enterprises run as joint ventures, co-operative projects or processing concerns with overseas partners.

In the county of Moupung, close to Yantai, three enterprises earn foreign exchange through exports. It is estimated that their total output value of 20 million yuan will have brought in US\$5.08 million in

hard currency during 1988, and by 1990, around 40 percent of all their output will be sold overseas.

The director of Weihai's No. 2 Woollen Clothes Factory said that as recently as 1984 his business had run at a loss and only employed 40 workers. Now, however, by expanding its export trade, the factory has a fixed capital of 3 million yuan and sells 80 percent of its products overseas. This turnaround led to Zhao Ziyang touring the factory last May and praising its progress.

Looking to the Future

Some problems still face the overall development of township enterprises in the Shandong Peninsula. These include inefficient management, a serious waste of capital, the fierce competition of international markets and the rise in price of raw materials. But the most serious by far is an insufficiency of capital for further investment.

Nonetheless, most people believe the region's township en-

terprises have a bright future. The needs of labour-intensive industries can easily be met as local labour is cheap and of a reasonably high quality: the average wage is around 100 yuan a month and most workers have received middle school education.

The area is also rich in natural resources. In the county of Changyi near Weifang, for example, there are abundant supplies of 40 marine products such as crabs and clams. So far, only one-fifth of its 50,000 hectares of beach have been used to cultivate marine products, and its 13,000 hectares of shallow sea awaits development. And Laizhou has drawn up a programme to create an export base for 10 agricultural products including peanuts, prawns and herbs for traditional Chinese medicines, and 10 industrial products including textiles, clothes, raw salt, minerals and wines.

But the peninsula's greatest advantage lies in the flexible management, high efficiency and simple structure of the township enterprises themselves. Almost overnight they can change policies and products to cope with rapid changes in domestic and international markets.

Presently, managerial and operating systems are being reformed in all the cities up and down the Shandong Peninsula. In Yantai, for example, a share system has been introduced into 600 enterprises, and internationally accepted standards of production are becoming the norm. The changes and improvements these reforms bring to township enterprises can only improve and strengthen their qualities and competitiveness, guaranteeing a sound economic future for both the peninsula and its population. □

A corner in the workshop of the No. 2 Woollen Clothes Factory in Weihai City.
LOU XINYUE



Si Ku Quan Shu

Now Available to Scholars

Si Ku Quan Shu (Four Vaults of Books of Classics, History, Philosophy and Literature and the Arts)

840,000,000 characters

1,500 volumes

Format: 32 mo

Price: 50,000 yuan

Printed by: Ancient Classics Publishing House of Shanghai

In 1773, Qing Emperor Qianlong, at the suggestion of Zhu Yun, commissioner of education of Anhui, ordered that books available at that time be collected from all over the country to be compiled into a complete series. The compilation was also to include selected entries from *Yongle Dadian* (Yongle Encyclopedia) and *Tushu Jicheng* (An Integration of Books). Chinese feudal culture was then ripe for such a compilation, which would record and summarize the cultural achievements to that time.

Despite opposition from Liu Tongxun, the grand minister of the Privy Council, who was of the opinion that collecting books from all corners of the country would create unrest among the people, the emperor ordered the founding of the Institute for Compiling the Four Vaults of Books of Classics, History, Philosophy, Literature and the Arts, or what has been known as the Institute of *Si Ku Quan Shu*.

After ten years of strenuous effort the huge task of compiling, editing and hand writing the four copies of *Si Ku Quan Shu* was finally completed. These four copies were stored in specially built pavilions in

the Forbidden City and the old Summer Palace in Beijing, the Imperial Palace in Shenyang, and the Chengde Summer Mountain Resort. The total number of books collected in *Si Ku Quan Shu* was 3,503. There are 79,337 *juan* (a *juan* may consist of a few chapters and a few *juan* be bound in one volume) which were bound in 36,583 volumes. As all four copies of *Si Ku Quan Shu*'s works were handwritten by calligraphists on *xuan* paper made of rice stalk, and bound with *nanmu* (a kind of fine hardwood) covers, the *Si Ku Quan Shu* collection has long been a national art treasure.

The collection covers politics, economics, military science, philosophy, history, literature, arts, astronomy, mathematics, geography, water conservation, agriculture, medicine, biology, etc. Books on all exiting branches of learning were included.

After the four copies of *Si Ku Quan Shu* were made, Emperor Qianlong ordered three more sets to be handcopied for Zhenjiang, Yangzhou and Hangzhou. For some 80 years, students in the south could read these rare and precious books in the libraries of those three cities. During wars in the 1850s all three copies in the south and the copy in the Old Summer Palace were destroyed.

Although two important publishing companies have published their own series of Chinese ancient books imitating those of *Si Ku Quan Shu*; *Si Bu Cong Kan* and *Si Bu Bei Yao* each had only some three

hundred titles. It has long been a dream of Chinese scholars to have a complete printed edition of the *Si Ku Quan Shu*, especially since printing technology and paper-making have been much improved since the time of the Qing Dynasty. Civil and foreign wars, however, have prevented them from realizing their long-cherished dream.

Before World War II, most of the treasures in the Forbidden City were moved to the south, and after the war were removed to Taiwan. The copy of *Si Ku Quan Shu* that had been stored in the Wenyuan Pavilion of the Forbidden City was among the treasures moved to Taiwan. This copy was the best of the seven handwritten copies and is the best of the three existing now.

The Commercial Press in Taiwan made a photo-offset edition of this Forbidden City copy of the *Si Ku Quan Shu*. As the number of copies of the printed edition was limited, it has long been out of print and become very rare and valuable. In 1987 Ancient Classics Publishing House of Shanghai began a significant cultural undertaking by reprinting the Taiwan edition in a smaller format. When the work is completed in 1989, it will consist of 1,500 volumes, including catalogs and indexes of the 3,503 books in this unique collection. This printed edition will be more convenient to use than the original hand-written one.

by Zhang Dunyi

Attendant's Charity Wins Acclaim

Last October, Liu Xiaoming, an attendant in the Beijing Huadu Hotel, received a commendatory letter from a guest, who stayed in the hotel last May. The visitor carelessly had lost HK\$20,000, which he didn't discover until after he left Beijing. Liu Xiaoming, while tidying the guest's vacated room, found the money. He immediately told his superior, and the money was returned to the grateful owner.

Located in the northeastern suburbs of Beijing, the Huadu Hotel has 522 guest rooms. Since it opened more than six years ago, its average annual rate of room rentals has been a firm 95 percent. Manager Sun said that since Liu came to work at the hotel in 1982, upon graduating from travel service school, he has always worked carefully and diligently. In the past seven years, he has received more than 200 commendatory letters from guests. Last year, Liu was appraised as one of top 30 attendants in the Beijing Travel Department and won a prize for travelling abroad.

Liu, a reserved young man in his twenties of medium stature, told our reporter of the following two incidents:

One day in August, 1986, a 40-member student travel delegation from Australia stayed in our hotel. The next day, all the students went out, except Peter, who stayed in bed. I was worried that he might be ill. I felt his forehead, and it was indeed hot. I asked him to go to see the doctor at the clinic, but he refused. I thought that

if he didn't see the doctor, he wouldn't be able to tour Beijing, so I brought him some medicine. At first Peter refused to take it, so I took half a tablet myself. Then he took it, too, and soon recovered. When Peter's stay ended he expressed both gratitude and sadness.

One day in September 1987, I was cleaning the floor and saw an old Japanese woman wobbling along. I hurried to help her. She said that she was weak because she hadn't eaten well all day. She was going to have dinner, but unfortunately the lift was out of order.

I toted her on my back to the dining hall, from the fourth to the ground floor. After she had eaten, I carried her back to her room again. She was deeply moved and gave me 10,000 yen. How could I accept it? Afterwards, the elderly woman insisted on having a picture taken of us together. After returning to her country, she wrote me several letters.

Liu said that he is now able to correctly and quickly guess the guests' nationalities, their habits and needs.

by Han Guojian

News in Brief

□ Since Beijing's Palace Museum Acoustiguide Company, the first of its kind in China, opened for business six months ago, it has hosted more than 10,000 self-guide lovers. The Acoustiguide Co., operated with joint ventures from China, the United States and Hong Kong, provides travel tapes in English, Japanese, French, Spanish, Italian, German and Portuguese languages, as well as in standard Chinese, Guangdong dialect and southern Fujian dialect. Their lively content far exceeds the quality of other tapes that tastelessly parrot pamphlets.

□ About 1,000 thirsty foreign guests, including some 400 Germans, bent elbows and clinked glasses during the Ger-

man Beer Festival held at the Great Wall, Sheraton Hotel. The celebrants imbibed real German Lowenbrau brew and feasted on Bavarian, courtesy of Lufthansa Airlines and hotel.

□ A centre run by the governments of China and Spain to train senior administrative personnel for hotels and travel agencies has recently opened in Suzhou. Its programme focuses on honing skills in six areas: teaching, decision-making, restaurant management and travel service administration. The teachers are appointed by the International Labour Organization. At present, 30 students from 11 provinces and municipalities in China are receiving a half-year training here. □

Foreign Funding for Agriculture

Since 1980, China has used foreign capital worth more than US\$2 billion to develop more than 270 agricultural projects, according to the Ministry of Agriculture.

The capital has principally come from the World Bank, the International Agricultural Development Fund, the World Food Programme and governmental loans from 20 countries including Japan, the Federal Republic of Germany, Canada and Australia.

During the Sixth Five-Year Plan period (1981-85), the Ministry of Agriculture imported an average of US\$150 million foreign capital for agricultural development each year—roughly 60 percent of the Ministry's entire annual allocation for basic agricultural construction. Since the start of the Seventh Five-Year Plan period (1986-90), this figure has risen to US\$420 million.

To date, China has negotiated five loans for agricultural development with the World Bank, borrowing a total of US\$373 million (one-quarter of China's total borrowing from the World Bank). This money has been used to build fish farms in Beijing, Shanghai, Harbin, Shenyang, Chengdu, Chongqing, Hangzhou and Nanchang, red soil development projects in Jiangxi and Fujian, beach reclamation in Jiangsu and Zhejiang, and irrigation projects across north China.

Foreign capital has also been used to undertake key agricultural development projects in north China, Heilongjiang and

the "great wilderness" of northeast China, to import advanced farming equipment and technology, and buy foreign research and teaching equipment for China's seven agricultural universities and nine agricultural research centres.

Officials from the Ministry of Agriculture say that using foreign capital is an extremely effective way of developing China's agriculture. For the next few years, the funds will be concentrated in upgrading low-yield farmland, constructing export centres for agricultural and sideline produce, animal husbandry, and fisheries, and disseminating and applying scientific techniques.

Agricultural co-operation has also started to flourish between China, the Soviet Union and the countries of Eastern Europe.

by Li Ning

Hebei Moves Up The Export League

With estimated overseas sales of US\$1.5 billion for 1988, Hebei Province is now the seventh largest exporter among China's provinces.

Last year it sold more than 850 varieties of goods abroad. Nineteen of these, including cotton and several cotton-based goods, clothes, ceramics, carpets, corn, soya beans, prawns and peanuts, earned more than US\$10 million.

Chinese medicines were another successful export, with 4,000 tons and 350 varieties being sold last year. The province has a long history of traditional medicine production. Anguo County, for example, is known across China as "the capital of Chinese medicine" because of its 800-year history of manufacturing and trading in medical herbs and products.

Other traditional goods sold abroad include ceramics, mink and rabbit furs, and sheep skins.

Another of Hebei's successes has been Changcheng (Great Wall) dry white wine, winner of two international awards and an established fast seller in international markets.

To ensure the supply of export commodities and increase their overseas sales, Hebei has established three comprehensive production bases for export goods in the cities of Zhangjiakou, Tangshan and Shijiazhuang. Another 19 production centres have also been set up across the province for specific commodities, including beef, chestnuts, apples and goat fur.

Overall, Hebei has a reasonably strong economy: it is China's third largest producer of plate glass, lavatories, household pottery, cotton, corn and feature films.

In 1975, it was given the right to manage its own exports, and subsequently it has founded several companies aimed solely at developing export trade. Various enterprises have also developed their own import-export divisions. Consequently, total export volume over the last decade has risen by around US\$100 million each year.

by Gao Xingchun and Feng Jing

China Denies TV Dump Claim

An official from the China National Electronics Import and Export Corp. has denied that China dumps colour television sets on European Community countries.

He confirmed, however, that an EC investigation into Chinese trade practices has begun following a complaint from a European colour television manufacturer.

The official said that at US\$120, China's televisions were extremely cheap on the European market, but this did not mean they were being dumped. He added that China's businessmen always looked for the best price on the international market, but ultimately it was the quality of a commodity that decided its price.

The Chinese televisions have 14-inch screens, and are of a lower quality than European-made sets. Their design is also slightly old-fashioned, lacking remote control and with only eight pre-set channels. Because of this it is not realistic to expect to sell the sets at the same price as European-made models.

The official also said that as electronic goods did not require export licences, some enterprises exported televisions and other electronic products cheaply in order to obtain foreign exchange. However, they were never sold at below cost price. He revealed that the government has decided to strengthen its management over the export of colour televisions as part of its policy of rectifying the economic order.

The official said that the strong demand for colour televisions on China's domestic

market had caused their prices to rise, even though the production costs had not increased. The retail price of a colour set in China is now roughly equal to its export price.

It is estimated that around 9 million colour televisions were made in China during 1988, of which only 200,000 were exported to EC countries for trial sales.

CNEIEC, which is affiliated to the Ministry of Machine-Building and Electronics Industry, is China's largest exporter of electronic goods. It has indicated that it will accept the EC investigation.

by li Ping

Feed Venture Starts Up

The Yu Tai Animal Husbandry and Feedmill Co. Ltd. is a joint venture managed by the Fodder Co. of Henan Province's Kaifeng City and Chia Tai (Henan) Co. Ltd., a Hong Kong subsidiary of the Thai Chia Group.

Investment and profits are shared equally by the two sides, who have signed a 25-year contract.

When fully completed, the venture will comprise three main components: a feed-processing plant, a soya bean oil refinery and a chicken-breeding plant.

US\$5 million has been invested in the feed-processing plant, which was completed last June. Using advanced American equipment controlled by computers, the plant has a potential capacity to produce 120,000 tons of feed for chickens, cattle and fish annually.

By last September, 2,400 tons had been produced and sold. With no mechanical

problems, the quantity should now be gradually stepped up as sales increase and efficiency improves.

The company has bought two batches of AA-grade chickens to supply households specializing in chicken farming. Their high quality and the company's short production cycle have been welcomed by customers.

To meet local demand, the company aims to construct and put into operation its chicken-breeding plant as soon as possible.

by Luo Huiyou

News in Brief

- The subsidy rate for savings deposits with terms of three years and more in the first quarter of 1989 will be 16.13 percent, the People's Bank of China announced in Beijing recently. The rate was set according to the rate of increase in the general price index released by the State Statistics Bureau for retail sales and services in the third quarter of this year.

- During the Developing Countries Technology Cooperation Conference organized in Karachi by the UN Development Programme, the Chinese government signed agreements on 20 co-operative projects with Pakistan, Jordan, Egypt, Iran, Sri Lanka and Rumania.

- At the conference, which was attended by 21 countries from Asia, Africa and Europe, agreements were reached on 157 industrial, agricultural, scientific and technological projects.

- The Chinese government has passed a decision donating 100,000 yuan to Vanuatu and Western Samoa for training scientists and technicians. □

Films Focus on Humanity, Awards

P *People, Ghosts and Love*, a Shanghai Film Studio production, was awarded the Gold Bird Prize at the fifth Rio de Janeiro International Film, TV and Video Festival last November. This is the fourth time Chinese films have won important international film prizes within the past 14 months. Previous award-winners were the movies *Red Sorghum*, *Old Well*, and *A Small Town Called Hibiscus*. This increasing acclaim for Chinese films is the draw of human drama, according to some observers.

At the Rio de Janeiro festival, an unprecedented number of Chinese films were introduced to the audience. Apart from one feature film and one animated film from China that participated in the competition along with 12 films from 12 countries, 23 other Chinese films were shown in various categories at the festival. Wu Yigong, a famous Chinese film director, was a festival juror.

The film *People, Ghosts and Love* tells the story of an actress, her psychological dramas and mental breakdown. Stamped with her mother's beauty and her adopted father's stubbornness, the actress as a child likes to sing opera. When she grows up, she has the opportunity to successfully play the role of a kind-hearted ghost-catcher named Zhong Kui in the Beijing Opera. Her on-stage role, often that of a male, brings upon her mental confusion and loneliness, as well as the misunderstanding of others. With no warmth in her life, she undergoes all kinds of difficulties and hardships. Only in her fantasy role

can she escape from her mental pains, and thus the stage becomes her final home.

A Brazilian film director, chairman of the jury council, commented that this film "depicts well the subtle psyche of an actress playing a male part."

Huang Shuqin, director of *People, Ghosts and Love*, was deeply touched by the audience's enthusiasm. "Some people even cried for the tragic lot of the heroine. Such a sympathetic response, from an audience living such a distance from China, I didn't expect," she said.

Since last year, 32 Chinese films, including features, documentaries, cartoons and science films, have been awarded 46 prizes in 31 international film festivals.

According to some reviewers, the reason why Chinese

films are appealing to the outside world is because Chinese film directors and playwrights have been paying more attention to human nature, centring their works on the plight of humanity.

When speaking of international award-winning films, Liu Zaifu, a noted Chinese literary critic, said that for a long time, the Chinese only wrote about people in regard to society or politics rather than about people as individuals. Human nature, which carries abundant, complicated and unique implications, however, was neglected. There had even appeared a loss of live individuality in Chinese art, he said, which evoked formulaistic disadvantages. Liu concluded that the present works show great progress now that humanity is portrayed. □

Pan Hong Stars in Latest Tragedy

Pan Hong, a Chinese actress reknowned as a "star of tragedies," from the Emei Film Studio in Sichuan Province, is to play Li Tong, the heroine in *The last Aristocrat*, the first co-operative feature film of artists from mainland and Taiwan. At the same time Pan has been invited to play the part of Greta Garbo in a TV serial named *Tales of the World's Movie*, directed by famous French director J.-L. Godard.

Pan's career seems to be ever rising since she graduated from the Shanghai Drama Institute in 1976. Pan has starred in many films such as *A*

Slave's Daughter, *Camel Bell in the Desert* and *A Bitter Smile*. She began to win nationwide fame when she successfully portrayed the unique character of a wife in *A Bitter Smile*. From then on, Pan has successively intrigued audiences with more brilliant film images, such as that of Du Shiniang (a prostitute, well-depicted in classic Chinese literature, who was loved and deserted by a young scholar from a rich family, and drowned herself) in the film with the same name; Lu Wenting in *At Middle Age* (an ophthalmologist who died from too much life and work pressure); Zeng



A scene from the documentary film serial "Pan Hong - A Chinese Actress" produced by a Japanese film company.

LI MINGFANG

Shusheng (an intellectual of the 1940s, wife of a clerk, who was tortured by despair and an unsatisfactory family life) in *The Bitter Cold Night*; Xu Lisha in *Well* (an engineer from a wealthy family who was married to a good-for-nothing man and who, finding it hopeless to break social prejudices and her marital bondage, plunges to her death in a well) and Wan Rong in *The Last Empress*.

1988 is Pan's year of great harvest: She was selected as one of the world's ten top film stars by Japan's movie circle; she ranked second among ten top Chinese film and TV stars, and most of all, she, for the second time, won Best Actress in the *Golden Rooster Awards*, the most authoritative awards in China. (She won her first Best Actress in 1982 for her portrayal of Lu Wenting in *At Middle Age*).

Xie Jin, well-known Chinese director, is to direct *The Last Aristocrat*, a film based on the novel *The Story of a Banished Fairy* by Bai Xianyong, a famous Chinese-American writer. The heroine, Li Tong, is a person with a peculiar personality and sophisticated inner world. She was born into an

aristocratic family in Shanghai, and both of her parents were high-ranking Kuomintang officials. On the eve of nationwide liberation in 1949, she went to the United States to study. Unfortunately her parents died in a ship wreck during their attempted escape to Taiwan. From then on, she became a lonely girl struggling in an alien country. The people who loved her all abandoned her while she failed to attain anything that she loved. At last, she committed suicide in a river in Venice.

Xie, the director, has high hopes for Pan Hong who stars in this film just as her career is peaking. Pan herself is confident of an even greater success. □

Great Art Revives a Heroic Life

About one hundred works of a Chinese artist, Han Leran, who died unnoticed 41 years ago, impressed thousands of viewers at an exhibition recently held in Beijing. Han was the first Chinese

artist to make a comprehensive research of the murals in the Kezir Thousand-Buddha Cave in Xinjiang. There among the mural paintings of the Tang Dynasty (618-907) he discovered perspective technique of painting and paintings of human-body dissections. Several of the exhibits, such as *The White and Black God of Sun*, *Buddha Preaching to Wild Animals* and *The Sad Disciple in White*, are his copies from the murals.

Han's works excel in a detailed depiction of minority life in northwestern China and are characterized by delicate strokes and great passion. In his water-colour paintings, Han showed his audience many beautiful and remote natural scenes, such as Tianchi Lake, the Bogda Peak, the historical site of the ancient city of Gaochang, small villages in the Turfan Basin, mosques, the tomb of the ancient King of Hami, the water mills among the Gansu corridor and the watermelon markets in Lanzhou city. His paintings entertained great variety of subjects. Scenes depicting a woman selling yoghurt, women carpet weavers, pilgrims, Ahung (imams) Tibetan men and women dancing before monastery, Kazakh women, and the dating of young lovers, all form a vivid picture of the many nationalities in northwest China 40 years ago.

Professor Sheng Cheng, a good friend of Picasso and winner of a medal from France's Legion of Honour in 1985, commented Han's works as being "unique masterpieces created with sweat, blood and light, blending the essences of both ancient and modern life." He thinks that Han was greatly influenced by Picasso and the impressionist school.

Apart from Han's long neg-

lected masterpieces, people are also intrigued by his legendary life. Han was not only an artist, but also a revolutionary and a fighter against fascism. He was born into a Korean-nationality peasant family in Jilin Province in 1898. In 1920, he went to Shanghai where he became a worker and then attended the Shanghai School of Fine arts.

He joined the Communist Party in 1923. In 1929, he went to France where he continued his study at the State Louvre Art School while supported himself with a part-time job. After graduation, he made a painting tour throughout Europe. During this period, he took part in the struggle of the French Communists against fascism and acted as a photo-journalist for *Paris Evening News*.

In 1937, he returned to his home country and joined Edgar Snow, Rewi Alley and Agnes Smedley in their work to collect medical supplies for the Eighth Route Army. During the 1940s, he went to the northwestern part of China. Making use of his position as a painter, he had frequent contacts with high-ranking Kuomintang officials and made great contributions to the work of the United Front. During this period, he trav-

elled in Xinjiang to study and copy the mural paintings. In July 1947, he was reported dead in an air crash during his journey from Urumqi to Lanzhou.

However, how he actually died still remains a mystery. Rewi Alley, who got acquainted with Han in 1938, clung to the belief that Han was killed by the Kuomintang during the plane's stopover in Hami. As all the possible witnesses to the murder died in the air crash, Han was subsequently listed as a victim too. Although it seems that the truth will be a mystery for ever, Han's works have begun to speak out for his greatness, both as an artist and a revolutionary fighter.

by Wei Liming

Champions Win Gold Can Prize

Six Chinese gold medalists at the 24th Olympic Games recently received the Jianlibao (Turbal) Gold Can Prize, sponsored by the Guangdong Jianlibao Group Co. Ltd.

The winners are Xu Yanmei of the women's platform event, Gao Min of the women's springboard competition, Lou Yun, the men's pommel-horse gymnast, women's table

tennis singles champion Chen Jin and men's doubles champions Chen Longcan and Wei Qingguang.

Worth ten thousand yuan of RMB, a Jianlibao gold can is made of 125g solid gold. On its surface pearls and gems are inlaid into the shape of a dragon and a horse, symbolizing the sporting spirit of Chinese athletes.

It was the first time in China that players were greatly awarded by an enterprise. Xu Yinsheng, vice-minister of the State Physical Culture and Sports Commission, expressed his appreciation.

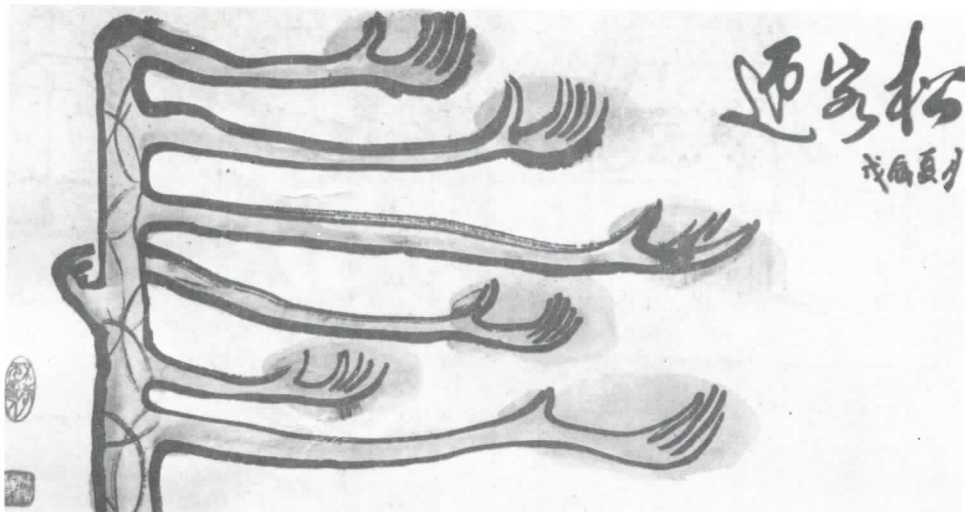
The Guangdong Jianlibao Group Co. Ltd. is one of the largest soft-drink companies in China. Its Turbal brand was selected as an official drink of the Chinese athletes at the 23rd and 24th Olympic Games. Besides, this company, to the tune of ten million yuan RMB, sponsored the 6th National Games in 1987.

To date, the company has made 20 gold cans, including the six previously awarded. The remaining 14 are reserved for gold medalists of the 1992 Olympic Games in Barcelona, Spain. If there are more champions, then more cans will be made.

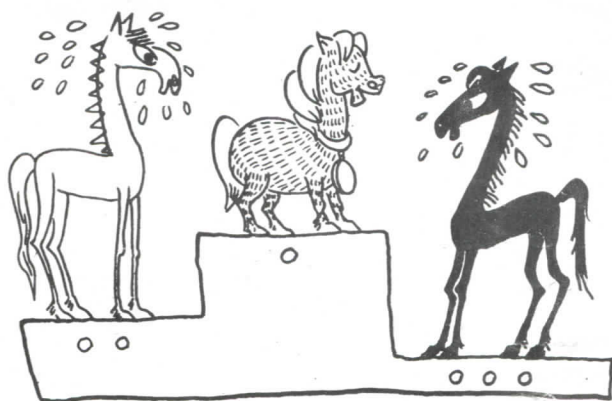
by Zhang Wei

HAN LERAN.





Guest-Welcoming Pine.
by Li Binsheng



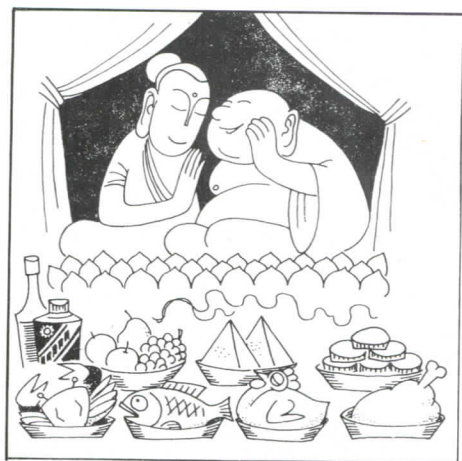
ART PAGE

Satire Drawings

These satirical drawings on corruption² are reprinted from domestic newspapers and periodicals.

— We didn't see you take part in the race; how did you win first prize?

— I am the leader's pet, you see!
by Wang Peiqi



Behind the Scenes:

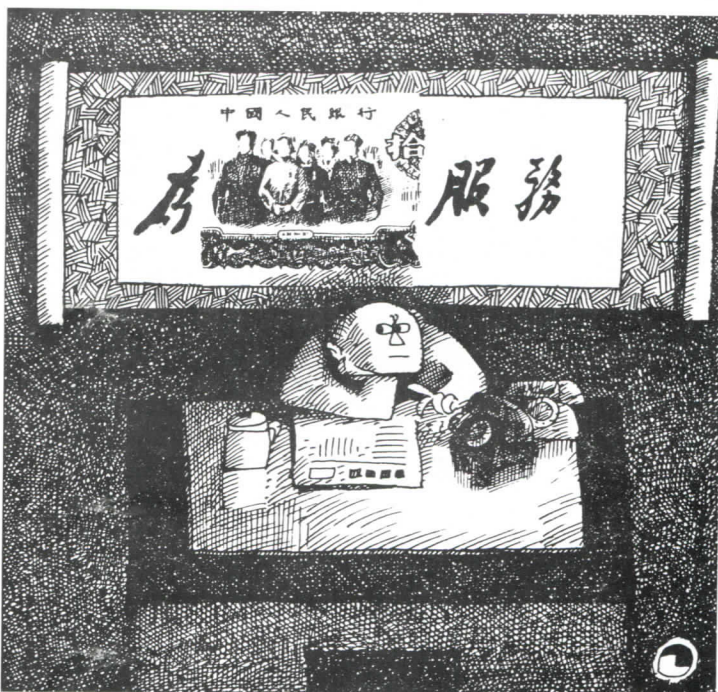
— How to answer the alms givers' requests?

— Don't bother, just eat first.

by Chu Xiaojing

"Public Servant." ("Serve the People" is now "Serve for Renminbi")

by Zhang Liang



"Three Ring"

Hair Styling and Drying Kit



Art. No: S-350T
Specifications: 220v, 350w
Per carton: 10 kits
Dimensions: 61 × 23 × 47 cm
Gross weight: 13 kgs,
net weight: 9.5 kgs



Art. No: S-350L
Specifications: 220v, 350w
Per carton: 10 kits
Dimensions: 70 × 38 × 27 cm
Gross weight: 13 kgs,
net weight: 10.5 kgs



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