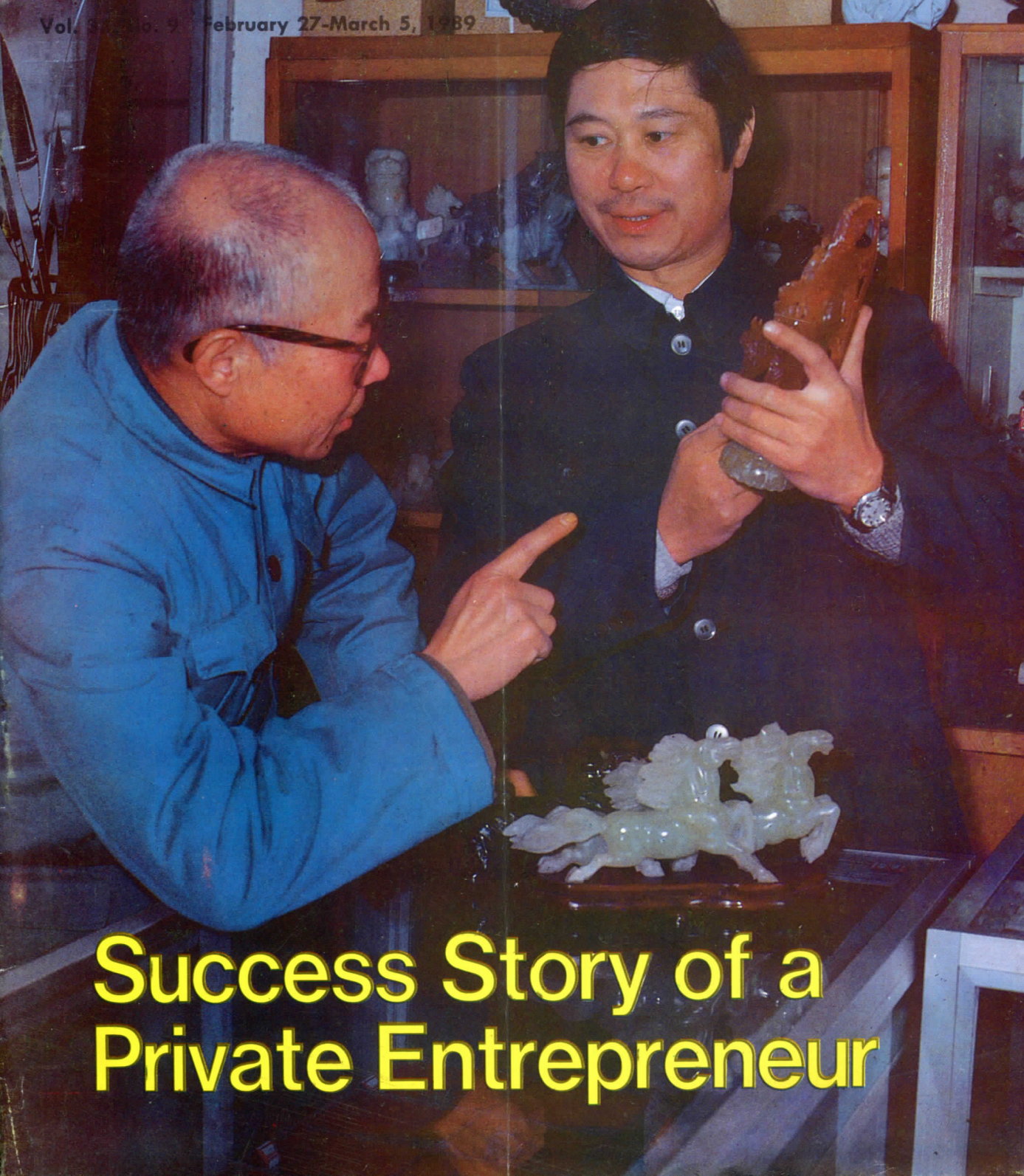


A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

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Success Story of a  
Private Entrepreneur

# Beijing Yuyuantan Special Arts & Crafts Shop



Beijing Yuyuantan Special Arts & Crafts Shop is pleased to offer the following items: tourist gifts, enamel & jade wares, original paintings & calligraphy, inlaid gold lacquerwares, metal & stone seal carvings, writing brushes, inksticks & inkstones, drawn works & embroidery patches, gold & silver jewelry, micro-carvings on agalmatolite stone, pearl necklaces and so forth.

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Manager: Zhang Baoning  
Address: West Side of the Military  
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## CONTENTS

### NOTES FROM THE EDITORS 4

Let Friendly Sino-US Train Roll  
On

### EVENTS/TRENDS 5-9

China Honours Late Panchen  
Basic Science Funds Increase  
Power Shortage Threatens China  
Optimization: Reform or Not?  
Weekly Chronicle  
(Feb. 12-18)

### INTERNATIONAL

Bush's Foreign Policies: A  
Realistic Outlook 10  
Japan Tones Up Defence Policy 13

### CHINA

The Rural Private Economy 16  
Going It Alone—An Account of  
Private Entrepreneur 19  
Facts & Figures: The individually  
Owned Economy 23  
Tibet: Human Rights and  
Religion 24

### FROM THE CHINESE PRESS 28-29

### BUSINESS/TRADE 30-31

### CULTURE/SCIENCE 32-34

**COVER:** Zhang Baoning (right),  
manager of the private arts and  
crafts shop at Beijing's Yuyuantan  
**Chen Zonglie**

## Self-Made Man: An Entrepreneurial Account

□ Starting with nothing more than a small sum of money and his professional knowledge, Zhang Baoning has built his printing business into a major concern with assets of more than 500,000 yuan. In his own words, he relates how, like many other of China's 200,000 private entrepreneurs, he has worked his way to success (p. 19). An analysis of China's rural private economy (p. 16).

## Hello Again, Mr. Bush

□ An old friend of the Chinese people, George Bush chose China as one of the first countries to visit soon after he took office as the new US president, a fact that illuminates the importance and friendliness of Sino-US relations (p. 4). Also printed is an analysis of his foreign policy (p. 10).

## Tibet: Human Rights and Religion

□ Human rights, religion and education are the major issues examined in the second instalment taken from *100 Questions About Tibet*, just published by Beijing Review Press. Based on first-hand accounts and historical documents, the book aims to answer many of the questions raised about Tibet in recent years (P. 24).

## China to Invest More on Basic Research

□ China is paying more attention to basic scientific research and applied basic research, planning to increase state investment in these fields, starting from this year (p. 7).

## Japan's Defence Policy Changes Analyzed

□ Recent years have witnessed gradual yet evident changes in Japan's defence policy and practices, which have aroused concern and worries from its neighbouring countries (p. 13).

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

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# Let Friendly Sino-US Train Roll On

by Our Guest Commentator Huang Binjun

**W**alking two bicycles, George Bush, then director of the US Liaison Office in Beijing, and his wife, Barbara, had a picture taken side by side before the rostrum of Tian An Men about 15 years ago.

Late this month, President Bush and his wife will come to China again on a working visit. The People's Republic of China will be one of the first countries President Bush visits since he was sworn in last month.

The White House declared the president's trip to China (from February 25 to 27), only five days after Bush took office on January 20, a diplomatic blitz that has aroused great interest worldwide. Foreign reporters coming to cover the visit will total more than 400.

The international community has seen a trend marked by conflicts turning to negotiations and tension to a more relaxed atmosphere.

Meanwhile, the Asian and Pacific region has seen its strategic status being raised by its vital and energetic economy. The development of the relationship between China and the United States—the two great powers on the eastern and western sides of the Pacific—will not only be conducive to the interests of both countries, but also will promote world peace, as well as regional development and stability.

When announcing the president's visit to China, the White House said that Bush's trip to Beijing was "to reaffirm the relations between the United States and China."

When Bush was in Beijing 15 years ago, contact and co-operation between China and the outside world was at a low level. During his brief stay this time, he will find the metropolis a much more open city with a great interest in international co-operation. State guests and other visiting dignitaries come and go. There are already more than 400 foreign-funded enterprises and over a thousand offices of foreign banks and other corporations in the capital.

The United States is now China's second largest foreign trade partner, and its private investment in China is the largest among foreign countries.

So far, however, the level of exchange be-

tween China and the United States has not matched the status of either country. There lies a great potential for the two countries to expand their economic and technological exchanges and co-operation.

However, the future of Sino-US trade relations will depend more and more on the progress of economic co-operation and technology transfer on the American side.

The announcement of Bush's trip to Beijing followed the decision by both China and the Soviet Union to hold a summit meeting this May. Such a coincidence has aroused conjecture by foreign press.

China, as many Chinese leaders have pointed out, sees the Five Principles of Peaceful Co-existence as the basis for developing friendly relations with other countries; the relationship between China and other countries is not determined according to the similarity or difference in social systems and ideologies.

The normalization of the relations between China and the Soviet Union will be realized on the basis of the Five Principles of Peaceful Co-existence. Sino-Soviet relations will neither return to those of the 1950s nor will they repeat the confrontations of the 1960s and '70s. The improvement of Sino-Soviet relations will never block the development of Sino-US ties.

The Sino-US relationship has been proceeding smoothly by and large during the past 10 years. But there are some problems and barriers, with the Taiwan issue as the main obstacle. In the United States, incidents of a small minority interfering in Chinese internal affairs occur at times. So long as the two countries strictly abide by the principles provided for by the three Sino-US joint communiques, their relations will develop healthily.

Bush will be the fourth sitting US president to visit China. Richard Nixon first opened the door to the New China, then Gerald Ford, Jimmy Carter and Ronald Reagan did their bit to help build the US-Sino relations. The Chinese people are waiting for Bush, an old friend of Beijing, and his government to do something worthwhile to drive the friendly Sino-US express in the right direction. □

## China Honours Late Panchen

**T**op state leaders and more than 1,000 other mourners honoured Bainqen Erdini Qoigy Gyalncain, the 10th Panchen Lama at a grand memorial service in Beijing on February 15.

Amid funeral music, the Communist Party of China (CPC) and state leaders Zhao Ziyang, Yang Shangkun, Li Peng, Wan Li and Li Xiannian stood in silent tribute in front of a huge portrait of the 10th Panchen Lama, bidding a final goodbye to this great patriot, noted statesman, and outstanding leader of Tibetan Buddhism.

The portrait was encircled by a piece of *hada*, a white silk scarf regarded by Tibetans as a token of respect. Beneath it were flowers and young pine trees. On display were wreaths from veteran Chinese leaders including Deng Xiaoping, Chen Yun, Peng Zhen and Deng Yingchao and from the CPC Central Committee, the National People's Congress (NPC) Standing Committee, the State Council

and other state institutions.

Hundreds of monks, nuns and students from Tibet laid *hadas* in the front of the hall to show their love and respect for their spiritual leader.

The Panchen Lama was vice-chairman of the Standing Committee of the NPC and a top religious leader of Tibet. He died of a sudden heart attack on January 28 at the age of 51 in Xigaze, Tibet, where he had just presided over the opening of the Great Stupa.

Wan Li, chairman of the NPC Standing Committee, spoke at the ceremony. He described the death as "a great loss" to the CPC, the country and the people of all the nationalities in China, including the Tibetans.

Wan praised the



The Panchen Lama presides at the Zhaxi Lhunbo Temple in Xigaze, Tibet, in 1952.

The Panchen Lama meets with Chairman Mao Zedong in 1955.





The Panchen Lama returns to Xigaze on January 9, 1989, to oversee the opening of the Great Stupa.

important role of the Panchen Lama, "whose efforts to uphold the unity of the motherland and the solidarity of all nationalities have made an indelible mark on history."

The Buddhist leader, he said, took a clear-cut patriotic stand, particularly in the struggle against attempts to separate Tibet from the rest of China. He recalled that the Panchen Lama firmly opposed the abortive armed rebellion staged by the separatists in 1959. Also, he said, the Panchen Lama strongly condemned those who colluded with foreign forces to stir up riots in 1987 and 1988 in Lhasa, capital of Tibet.

The Panchen Lama remained steadfast in his loyalty to the country even when he was persecuted during the 10-year "cultural revolution" and "fully deserves the title of a great patriot," Wan said.

He noted that the Panchen Lama was "a close and sincere friend of the Chinese Com-

munist Party" and never hesitated to speak his mind in the interest of the nation.

As an outstanding leader of Tibetan Buddhism, he said, the Panchen Lama did a great deal to help ensure freedom of the religious belief and protect the rights of monks and nuns.

The chairman described the late Panchen Lama as "a noted statesman" who did his best for equality, unity and mutual assistance between all nationalities, for the development and prosperity of Tibet and the country as a whole, for the friendship between the Chinese people and other peoples and for world peace.

After Wan's 4,000-word speech, Zhao Ziyang and other leaders conveyed their deep sympathy and solicitude to the parents and other relatives of the Panchen Lama attending the service.

In Lhasa, a memorial service was held on February 3 to mourn the 10th Banchen Lama. Bainqen's parents, his

brother and relatives were present at the service. Also attending were more than 300 lamas and nuns, local Party and government leaders, religious figures, local residents and army representatives.

Traditional religious preparations are underway for the preservation of the body of the Panchen Lama at his residence in Xigaze, about 355 km from Lhasa, according to Qazha, abbot of the Zhaxi Lhunbo Temple.

Qazha said the preservation of the remains, requested by monks and other religious believers, will follow customary procedures for eminent religious leaders. The body will be treated with precious medicines and be bound with fine silks and satins, which will be changed regularly. Golden powder will be painted on the face. The body will eventually be placed in a great stupa to be built for it, he added. □

## Basic Science Funds Increase

**C**hina will spend more money on basic scientific research, including applied basic research, starting from this year, according to a senior official in charge of science and technology.

It is one of the policy measures that the country is taking to further strengthen basic research, said Song Jian, state councillor and minister of the State Commission on Science and Technology.

Speaking at a national conference on basic and applied science, which was held from February 13 to 15 in Beijing, Song said basic research is the foundation for growth in regard to scientific and technological knowledge. "It is of vital importance to the social and economic development of the country," he added.

The state spent 800 million yuan on basic science projects in 1987, according to statistics provided by the commission. This was 7.1 percent of the year's total scientific expenditure.

This figure is lower than the amount spent on basic science by many other countries, Song pointed out. He said that the government is planning to gradually increase the proportion of state investment in basic science from the present 7.1 percent to 8 or 9 percent by 1990, and to 10 and more by the year 2000.

The conference discussed the major tasks of China's basic scientific research and outlined policies and measures for strengthening the field.

In the next few years, the state will give priority to the research projects that are of vital importance to the nation's economy and the peo-

ple's livelihood, Song said. These include projects in the fields of agriculture, energy, natural resources, environment and population control.

In the long run, he said, the sources of investment in basic science will gradually become diverse. He said the state will encourage large and medium-sized enterprises, especially group enterprises, to set up funds for basic scientific research.

Song said the country will provide a good environment for scientists to scale new heights in the area of international science and technology. Exploratory research will not be restrained by the market needs and economic targets, he said. The state will support and protect the scientific research endeavors that initially are beyond the scope of public understanding.

He also said the state will support research workers and encourage them to actively take part in international academic co-operations and exchanges, as well as in the publishing of academic papers.

During the past five years, China has sent 16,000 scientists abroad and has invited 18,000 foreign scientists to China for study, research and co-operation.

According to statistics provided by the conference, now up to 30,000 Chinese scientists are doing basic research. The number of scientists engaged in basic scientific activities has increased by 50 percent over the past three years.

The Chinese Academy of Sciences has set up 32 institutes devoted to basic sciences, and universities and colleges all over the country have set

up a total of 100 such institutes. Over the past few years, the state has allocated 410 million yuan for the establishment of 61 major scientific labs. □

## Power Shortage Threatens China

**T**he great shortage of electrical supply, just like a hungry and howling wolf, has come to threaten the development of various productions and affect adversely people's lives.

A recently held national working conference on energy sounded such a serious warning. A total of 15 vice-governors of provinces, vice-mayors and officials in charge of the energy and economy hastily gathered in Beijing to discuss how to keep the "wolf" at bay.

Most people living in Beijing have been heard complaining recently about power cuts. Many of them wrote letters or phoned to ask about reasons.

Wei Ruifeng, an official from the Beijing Power Supply Bureau, is worried about the problem. He said that the bureau's control room has asked for emergency help. From New Year's Day to January 12, they had to switch off the electrical supply to some units and households four times as often as they did in the same period last year, and the quota set for industrial consumption has increased four times.

At present, he explained, the electric power consumed by the Beijing area is allocated by the north China electrical network, and its supply is controlled strictly according to allotted quotas. He pointed out that in recent years, the load

of electrical consumption in Beijing has increased sharply, with an annual increase of more than 30 percent in residential usage.

More is the pity that not just in Beijing exists such a tension. Huang Ju, vice-mayor of Shanghai, told the conference participants that factories in Shanghai have to pull the plug on the operations two or three days a week owing to the shortage of electricity. Last year, Shanghai's economic growth ranked at the bottom nationwide, and January's output was the year's lowest. And the growth in the first twenty days of January this year is 1.6 percent under that of the same period last year, Huang said.

Besides the unmet demands of an over-heated economy, the dwindling production of energy sources themselves due to power failures is a real kick in the country's seat. Yu Hongen, general manager of the National Allocated Coal Mines Corporation, said that during 1985-1987, none of the country's allocated coal mines opened a new well. There were four generator units with a capacity of 200,000 kilowatts each put into operation from 1981 to 1985 in Shaanxi Province, but from 1986 to 1990, no new generators have been or will be employed, the Vice-Governor of Shaanxi Province Chang Bin said.

The central government transferred the power and funds for energy development to the local level in 1985. However, as the state still controlled the price, the policy was unattractive to local enterprises. Facing the pressing demands, the state had to leave one side of the network open — to let small local coal mines produce, market and fix prices by themselves. However, as they are usually poorly

equipped, they often leave mines unfinished. As a result, quite a number of resources have been wasted. □

## Optimization: Reform or Not?

**U**nder the current optimum organization practice, the excess fat, in the form of less talented and less vital workers, is being trimmed from the working place. However, in some cases, especially when involving teachers, this practice is being abused, bringing into a question about the status of the people's constitutionally guaranteed right to work.

For example, Wang Rongzhen, a senior teacher of the Xiangtan School for Deaf-Mutes, was reportedly screened out from a teaching post during the optimum organizing of teachers in the school. This event aroused strong repercussions in society, especially in the educational circle of Xiangtan City in Hunan Province.

"I support the current reform, but I was stripped of my teaching job in the end by my bosses. Was this really a case of optimum organization?" Wang was quoted as saying in a complaint letter from some readers, which was published recently in the *Guangming Daily*.

The letter says, before the start of this school term, an official in charge of the educational section of the Bantang District government of Xiangtan City and the schoolmaster informed Wang that she was deposed from the position of director in charge of teaching affairs in the school and was to be transferred to do nurse work for the deaf and mute

students.

On hearing this, Wang was shocked. "Have I done anything wrong?" she asked the schoolmaster painfully.

"I'm the schoolmaster and I am entitled to make such an arrangement. No more arguing about that. I won't change my mind anyway," said the schoolmaster.

Wang has worked as a teacher for more than 20 years. She was honoured nationally as an outstanding special education teacher in 1986, and her paper on the improvement of the students' written language won a provincial award in 1987. She is also a council member of the provincial Special Education Research Society and a member of the Society for Chinese Primary Teaching Methods Study.

For these reasons, she was obliged to request to resume her work as a teacher, but her requests were coldly turned down.

The schoolmaster said: "She exposed my problem to the higher authorities, so I won't let her teach, even if she is capable."

However, this is not an exclusive example of power abuse in the name of optimum teacher organization. Last November, a similar case was reported in the *Renmin Ribao* (People's Daily).

With a classification of special grade, the country's highest teaching qualification for the primary and middle schools, Zhu Xiaolu works at the Qilihe Primary School in Lanzhou, Gansu Province.

Last July, at the close of the school term, she was unexpectedly informed by the schoolmaster Su Jimin that she would not be employed the next term.

It was just like a thunderbolt to her. Zhu asked the school-



master "the nature of her offense." Fang Zhenguo, secretary of the school's Communist Party's branch committee, disclosed the truth at last: Zhu had spoken irresponsibly against her bosses at some meetings convened by the city and provincial governments.

Zhu is a qualified teacher indeed. She was honoured as an outstanding teacher and advanced worker in Lanzhou City in 1982. Her achievements were even recorded in a 1987 dictionary of the most famous women in China. As a teacher with an experience of 27 years, she could not just simply quit her teaching career.

The *Renmin Ribao* report was rewarded by an immediate response from the local district government, which short-circuited the dismissal and solved the problem quickly. Zhu was restored to her teaching post as before. And the frustrated schoolmaster, Su, was forced to resign.

Most people in Lanzhou were in favour of the local government's decisions. But one of the newly-appointed directors of the school said: "In our system the schoolmaster has the final say in school affairs. It is his right to select whomever he likes to take up the teaching job."

After the incident of Zhu Xiaolu, many primary school teachers began to worry about their fate in the future. They said a special grade teacher like Zhu could not hold her job under the onslaught of the engagement system, let alone us common teachers. After all, it is the schoolmaster who has the final word on everything here.

All the citizens in the country are entitled to the right to work by the Constitution, but the extent of this right and how to legally protect it are still to be specified by a written law. □

## Weekly Chronicle

(February 12—18)

### POLITICAL

February 14

□ A Chinese Foreign Ministry spokesman, when asked to confirm news about a possible visit by the foreign minister of Viet Nam to China, says in Beijing, "There is no such arrangement."

The spokesman says that conditions are not ripe yet for the Vietnamese foreign minister to visit China.

February 15

□ Lin Xianshun, a pilot from Taiwan who parachuted from his aircraft on February 11 when it crashed in Fengshun County, Guangdong Province, says at a press conference in Guangzhou that he loves his motherland and knew great changes have taken place in the mainland. He says he had been preparing to come back in recent months.

Lin tells Taiwanese reporters that he neither brought any secret documents nor knew of actions taken by the air forces on both sides of the Taiwan Straits in the wake of his departure.

He says that he desires to serve in the People's Liberation Army Air Force.

Lin, 36, a lieutenant colonel, is from Meixian County, Guangdong Province. He says he wishes to visit his hometown.

Lin's wife, two children, father, two brothers and an elder sister are all in Taiwan.

### ECONOMIC

February 13

□ Further limits are to be put on the growth of the nation's

foreign debts, and the spending of foreign exchange is to be kept down this year, Tang Gengrao, director of the State Administration of Foreign Exchange Control, says at the administration's annual meeting.

He says that at the same time, ample foreign exchange investment in the priority sectors of the nation's economy will be guaranteed.

February 16

□ China has issued bonds worth \$US4.25 billion on international capital markets over the past seven years, a Chinese official of the State Administration of Foreign Exchange Control announces. The figure is 106 times as much as that in 1982, the first year that bonds were issued abroad to raise money for domestic development.

### CULTURAL

February 13

□ Local archaeologists have excavated fossil bones belonging to a dinosaur in Xiyang Town of Kunming, the capital of Yunnan Province.

The fossils feature a skull with a unique bony crest 31cm long and 15cm high. The dinosaur was carnivorous, the experts say.

Since 1982, fossils from 13 dinosaurs and more than 600 dinosaur footprints have been discovered in Xiyang Town.

### SOCIAL

February 14

□ *China Daily* reports that a national deer park is being created in Beijing and will open to the public in 1990.

Li Jingchi, director of the Beijing Milu Park, says the park will be the home of red deer, muntjacs and roe deer, as well as the milu or Pere David's deer. □

# Bush's Foreign Policies: A Realistic Outlook

by Liu Jiang

**T**hough the Bush administration just came into existence, its foreign policy has drawn worldwide attention. Due to changes in the international situation, President Ronald Reagan during his last years in the White House opened a new era of dialogue and detente between the United States and the Soviet Union. The prevailing view now is that Bush will inherit Reagan's diplomatic line in order to ensure a Republican policy continuity.

However, the "Bush era" has its own features, and Bush's diplomacy cannot be just a copy of Reagan's version. Judging from Bush's recent remarks and deeds and the speech at a confirmation hearing before the Senate Committee on Foreign Relations by the new Secretary of State James Baker, a

distinct mark of the Bush administration's foreign policy is that emphasis will be put on pragmatism to strive for achieving an active position in international affairs. In other words, Bush will pursue a quite realistic diplomatic line. This can be seen in the following aspects:

1. In regard to its general knowledge of the international situation, the Bush administration considers the present era to be a "time of change." The United States must proceed from the realities and readjust its international strategy to secure a leading position in a constantly changing world.

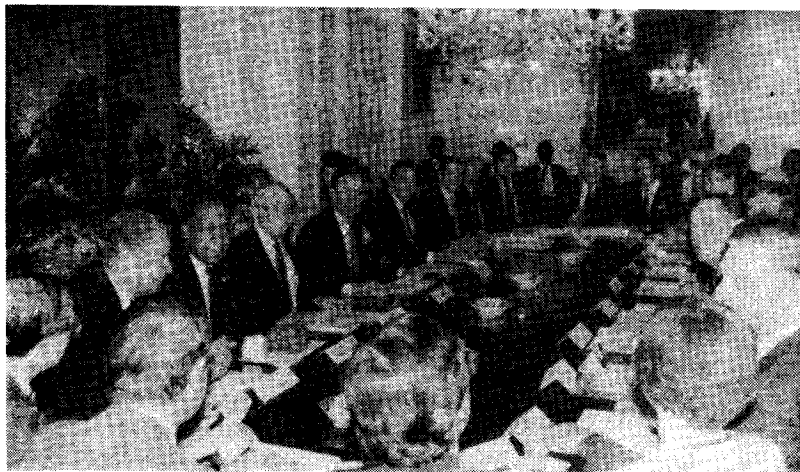
Bush has pointed out on many occasions that the world is in an era of changes. In his exposition of Bush's foreign policy, new Secretary of

State Baker pointed out that the world is undergoing "significant transformations," and the US leadership must adjust for a world that "has outgrown the post-war era." The United States must take "a realistic approach" towards world issues. "Only through a realistic approach can we write a new chapter of American leadership for a rapidly changing world." He also said that the realities in the world today "will not permit a blind isolationism or a reckless unilateralism."

2. More attention will be paid to economic diplomacy. Promotion of economic growth is listed as an important task for diplomacy and a component of the national security strategy. The concept of "economic deterrence" has been advanced.

Bush has said that economic growth is now an issue of both monetary and foreign policy. Upon his election, Bush nominated Baker, who, as Reagan's secretary of treasury, is quite acquainted with monetary and trade questions, to be his man for foreign affairs. During his service in the Reagan administration, Baker accumulated rich experiences in coordinating US monetary and trade policies with its allies. Bush's nomination of Baker as his secretary of state reflected, to a large extent, his emphasis on international economic relations and created favourable conditions for conduct-

President Bush holds his first cabinet meeting on January 12.



ing "economic diplomacy."

Baker put the economy in a prominent position in his recent policy speeches. For example, when talking of US policies towards the Asian-Pacific region, he pointed out that US relations with the Pacific countries "must emphasize outward-looking economic policies that promote trade and growth." US policy towards the Pacific as a whole "must tie together all strands to assure the region's economic growth with its global implications in the context of a secure economic deterrence."

3. While admitting that the world is growing multipolarized, the Bush administration still considers the Soviet Union its arch rival. Washington will continue to deal with Moscow from a position of strength.

Bush said many times in his campaigns that the policy towards the Soviet Union will still be a consideration of top priority in US foreign affairs. But some US experts believe that there are some differences between Reagan and Bush in regard to their Soviet policies. Bush often talks of the Soviet-US rivalry from an angle of contention between powers, while Reagan's skew was ideological. It can be predicted that in dealing with the Soviets, Bush will further mitigate the anti-communist ideological prejudice in exchange for a more flexible policy to safeguard US interests.

To keep the "balance of power" with the Soviet Union, the Bush administration will adopt the following measures towards the US-Soviet relations:

First, it will stress a clear-headed and "prudent" approach, persisting in the pursuit of peace with strength.

Baker pointed out that al-



On January 20, President Bush takes the oath of office as his wife Barbara looks on.

though changes have taken place in the Soviet Union, "realism requires us to be prudent." The Soviet slogans of *glasnost* and *perestroika* are being fleshed out, but the reality shows that the Soviet Union "remains a heavily armed superpower."

During the presidential elections, Bush underlined the need to negotiate with the Soviets from a position of strength. And in his speech at the inaugural ceremony, he again said that the United States would develop relations with Moscow while maintaining "strength and vigilance."

Second, the US government will slow down the momentum of disarmament, but will not let slip any chances to continue to negotiate with the Soviets on disarmament and pressure Moscow to make more concessions.

At his first presidential press conference Bush said that the US government would "take the offensive in moving the US-Soviet relationship forward." "We're not going to let this Soviet thing put us in a mood of foot-draggers. We are

going to be out front," he said. "There is no reason to suggest that all we have to do is react to a speech by the General Secretary (Mikhail Gorbachev)," he stressed.

At present, the US and Soviet destruction of medium-range missiles is going on smoothly. The two countries have made substantial progress on reducing 50 percent of their strategic nuclear weapons, and to sign a treaty on this seems likely. However, Bush will probably link the reduction of strategic nuclear weapons with a cutback of European conventional arms and shorter-range missiles in order to force the Soviet Union into making more compromises in regard to East-West disarmament.

Third, the United States welcomes the Soviet domestic reforms and *glasnost* and wishes to strengthen dialogue and co-operation with the Soviet Union.

Recently Baker said that the United States would continue to study the Soviet stand on disarmament, human rights, regional conflicts and bilateral



President Bush holds talks with Canadian Prime Minister Brian Mulroney in Ottawa.

relations. "We are interested in co-operating and negotiating to make progress wherever it can be made," he said. He also pointed out that the United States needs to open new avenues in superpower relations in order to deal with global problems such as terrorism, drugs and the environment.

4. The United States will strive to co-ordinate its stand with its allies and unify steps, while dividing and wooing East European countries, with the view of taking the initiative in regard to dealing with East-West relations.

Faced with the challenge of Gorbachev's diplomatic new thinking, some West European countries have obvious differences on a series of major issues with the United States. At the same time, the mounting US call for its allies to share defence responsibilities has sharpened the contradictions. Therefore, the Bush administration is urgently compelled to put a solution to the internal friction within the NATO alliances on the US diplomatic agenda. Good evidence to this

effect is the fact that as soon as Bush took office, he sent Secretary of State Baker to Western Europe to launch a shuttle diplomacy.

Speaking on the US relations with its allies recently, Baker italicized the need to reach a consensus on how to proceed with a changing Soviet Union. He also called for a congenial approach to the new military poses created by the US-Soviet agreement on elimination of intermediate nuclear forces (INF), i.e. the need to modernize Western nuclear and conventional weapons. He further cited the need for working out "both realistic and prudent" standards for conventional arms control. Likewise, a desire was mentioned to seek a common approach to the issues of loans and credits and trade and transfer of technology to Moscow and Eastern Europe. It was also necessary to establish a "more equitable and creative basis" on which to share responsibilities, he indicated.

The Bush administration will adopt an elastic and relaxed attitude towards the

East European countries so as to take advantage of their economic reforms and political democratization. The subsequent goals would be a propaganda offensive, a cultural penetration and an attempt to distance these countries from the Soviet Union.

In the presidential elections Bush referred to Eastern Europe as "an area of opportunity" for the West. Many senior officials of the United States advocate the pursuit of "a more assertive" policy. Such a policy, besides proclaiming the need for long-term structural, political changes, would embrace active steps to help countries in the Eastern bloc become a normal part of Europe. These officials have said that the point is "to get Europe back to normal—to pre-1918, when there was one Europe and free movement."

To this end, some US brain trusters have issued concrete proposals to the Bush government: To establish and expand student-exchange programmes with the East European countries; to let the *Voice of America* go into television, buy satellite time and beam programmes into the Soviet Union and Eastern Europe; to encourage business ventures in establishing joint ventures there and make the market economy of these countries complete; to broaden ties between Western political groups and democratic forces in Eastern Europe now openly debating the issue of democratization.

5. The Bush team will carry forward Reagan's China policy and give the development of US-Sino relations great consideration.

President Bush, former director of the US Liaison Office in China, knows China fairly well. He has pointed out that

# Japan Tones Up Defence Policy

As the Japanese economic strength has been strengthened and the international situation has altered, Japan's defence policy and forces have undergone a great change. The Japanese government has put forth a new strategic concept: expand the defence scope, recruit the military forces, increase military spending, speed up the military scientific and technological research and revise the constitution. All these have evoked many comments and repercussions.

by Ge Gengfu

**A**fter World War II, Japan rose from the ruins of defeat to stand shoulder-to-shoulder with the United States as an economic power. Japan's current gross national product (GNP) is more than US\$2 trillion, equal to the total GNP of Federal Germany, France, and Britain. Japan's per capita GNP overstripped that of the United States in 1987 (US\$19,642 for each person in Japan and US\$18,403 in the United

States for each person). While the United States turned from being the world's No.1 banker into its biggest debtor, Japan assumed the former role. By the end of 1987, Japan's net overseas assets were about US\$240 billion. The US annual trade deficit is a biting US\$150 billion, but Japan is feasting on the world's biggest trade surplus, more than US\$100 billion annually. Japan has strengthened its penetration into the US market

with one-third of the US financial deficit being comprised of Japanese capital. In the latter part of 1987, 435 US companies were wholly or partially owned by the Japanese. Japan is not only an economic giant, but it is also the biggest international financier.

In light of Japan's increasing economic strength and developments in its internal and external political and military situation, the ruling Liberal-Democratic Party and govern-

the positive development of US-Sino relations is a policy commonly set by both the Republican and Democratic parties in the United States. A conservative US think tank, the Heritage Foundation, in its recent policy proposals to Bush, said it is easier to develop US-Sino relations than US-Soviet ones. In recent times, Baker again clearly indicated that the development of US-Sino relations has an important significance not only for the two countries themselves but also for the maintenance of stability in the international political order. Bush's experiences in China are another plus for the further development of relations between the

two countries. President Bush will come to visit China only one month after assuming office. This shows that the new US administration will make the development of US-Sino relations an important diplomatic task.

Since the mid-1980s, the United States and the Soviet Union have powered the third tide of detente, and gradually turned "mutually assured destruction" into "mutually assured security." Therefore, no party in the US-Sino-Soviet triangle any longer shows great worries about improvements in the other two countries' relations. A high-ranking US official said that this triangular diplomacy has not died,

but for the most time during the mid-1980s, tensions have disappeared. Bush has said that he welcomes the normalization of Sino-Soviet relations. However, some high-ranking US officials have indicated in private that if the development of Sino-Soviet relations becomes too warm, the United States will reconsider its China policy.

The Bush administration's Taiwan policy is not likely to see any fundamental changes. Moreover, a few people in the United States are likely to cause dissension on the issues of human rights and nationality, hence interfering with the development of Sino-US relations. □

ment has created some changes. After due consideration, it has reversed its part of stressing the economy and underestimating arms and has issued a new strategic concept. Towards the end of the 1970s, the Ohira cabinet issued a strategy for the comprehensive guarantee of security. It stressed that security could best be guaranteed by the synthesis of many means, advocating an active safeguarding of the Japanese-US joint

system and an increase in Japan's own defence forces with an aim towards strengthening self-defence. In 1983, former Prime Minister Yasuhiro Nakasone likewise advocated that Japan should become a major political power, emphasizing the need to safeguard Japan's security, raise its international position and increase its defence forces.

After Noboru Takeshita became prime minister in October 1987, he took a two-pronged approach. On the one hand, he stressed that Japan should launch diplomatic activities that would reflect its principle of independent diplomacy, make multiple and especially economic contributions to the world, and accelerate the steps towards becoming a political power. On the other hand, he issued a defence proposal involving policy and arms. On March 21 last year, Takeshita, at a graduation ceremony for students of the Japanese Defence University, said that Japan would seek a defence capability worthy of its state strength. He also said



Demonstrators march in Japan for peace.

MENG XUEJUN

that deterrent forces based on a balance of strength including nuclear weapons are a guarantee for world peace and security. He indicated that Japan must face the stern reality and seek good-quality defence forces with appropriate equipment. His words reflected Japan's latest consideration of readjusting its defence policy and heightening its defence capability.

### Broader Range

Since World War II, Japan has adhered to the principle of self-defence and strictly limited the range of defence to its territory. The prevention of enemy attacks on its territory and the occupation of its key areas was its guiding ideology.

In recent years this defence policy has undergone major changes. The Nakasone government would like to build Japan's territory into an unsinkable aircraft carrier and safeguard the security of its transportation lines for 1,000 nautical miles. At the same time, to blockade the Soya

Kaikyo, Tsugaru Kaikyo and Tsushima Kaikyo in time of war has become a target of defence. The Nakasone government further stated that "self-defence action" beyond 1,000 nautical miles would be allowed by the constitution. This would not only expand the Japanese defence range, but it would also overstep the protective boundaries designated by the Japanese-US Security Treaty. The guiding ideology of a passive defence has transformed into one of active pre-war preparations to defeat the enemy at first blow. The strategy of wiping out the enemy at the beachhead has turned into one of attacking the enemy at the sea, and a fight at the distant sea. In a word, the Nakasone government changed the land-based defence principle and confirmed a defence at sea strategy, which has been inherited and developed by the Takeshita cabinet.

Meanwhile, the Japanese military forces have been constantly recruited and strengthened. Since the mid-1970s Japan has been seeking to

heighten its defence capability. In the past 30 years since their formal organization, the Japanese Self-Defence Forces have developed to a considerable size and gained possession of advanced weaponry. According to the target stipulated in the Outline of Defence Plan of 1976, a defence force that could maintain a vigilant posture and could effectively counteract a small-scale aggression would be set up. In 1984 this outline was greatly revised. In view of changes in the international situation since the latter part of the 1970s, Japan believed it needed to make a new study and strengthen its defence capability.

At present, the total number of the Japanese Self-Defence Forces is about 300,000, but their equipment is fine, they are well trained and their actual strength is strong enough. The officers of the ground, naval and air forces surpass the number of soldiers, but if a war should break out, the three armies could be quickly expanded. The ground self-defence forces total 180,000 with more than 1,000 tanks and 300 various missile launch vehicles. The naval self-defence forces are about 45,000 and possess 165 various warships and 155 airplanes. The air self-defence forces are more than 45,000 with 350 combat aeroplanes and 180 ground-to-air missile launch vehicles.

According to the development programme of the Self-Defence Forces' military equipment, by the early 1990s Japan will have built more than 30 vessels, bought over 100 combat aeroplanes, airborne warning and control systems, tanker aircrafts, anti-submarine cruise aeroplanes and missile destroyers

equipped with overvisual radar that can detect targets beyond 3,000 kms. Japan, together with the United States, will produce the next-generation FSX support fighting planes, whose combat operative radius will double that of the present and reach 840 kms. Thus the fighting capability of the self-defence forces will be greatly strengthened. A US defence official said that by 1990 Japan will possess 200 F-15 jet fighters and 100 F-4 jet fighters, surpassing the total number of aeroplanes that the United States has deployed in Japan, South Korea and the Philippines. The naval self-defence forces will possess 60 destroyers and 100 P-3-C anti-submarine cruise aeroplanes. This is respectively three and five times those owned by the US Seventh Fleet.

### More Funds

In recent years, the Japanese government has energetically adopted some measures to increase defence spending and speed up the military's scientific and technological research. This has created favourable conditions for the future rapid development of the military forces.

For years Japan's allotment for military expenses was limited within 1 percent of the GNP. After becoming prime minister, Nakasone began to promptly increase weaponry in order to pursue his general post-war political policy and to co-ordinate with the US policy towards the Soviet Union. In July 1985, he proposed that defence expenses exceed the ceiling of 1 percent of the GNP. In January 1987, the Japanese government formally announced a cancellation of the quota policy and instead chose to publish the total sum

of five-year defence expenses. That year saw Japan's defence spending surpassing 1 percent of the GNP. The total sum of the defence forces' reorganization programme at midpoint of the 1986-1990 period is 18.4 trillion yen, and defence expenses in 1988 accounted for 3735.4 billion yen. This was a 6.2 percent increase in comparison with the previous year, and it was 1.013 percent of 1988's GNP. Although this edge is small, its significance lies in the "breakthrough."

Japan is an economic heavyweight. Its GNP is big, as is its scale of growth. Therefore, even if the defence expenses were still held to 1 percent of the GNP, its growth speed and absolute quota would be quite generous. According to Japanese officials, Japan's defence expenses ranked sixth behind those of the United States, the Soviet Union, Great Britain, Federal Germany and France. However, Japan's method of statistically tallying defence expenditure is different from that of NATO countries. It does not include the military pensions and expenses of the maritime sea security agency. If NATO's statistical criteria were applied, Japan's defence expenses would be found to overtake those of Britain, France and Federal Germany and would place third, tailing those of the United States and the Soviet Union. According to Japanese newspapers, the Japanese Defence Agency decided to ask the Ministry of Finance to increase defence expenses by 7 percent when it worked out the 1989 government budget. If Japan's defence expenses increase by 7 percent, they will be 3959.3 billion yen (about US\$29.7 billion).

*(To be continued)*

# The Rural Private Economy

During 1988, the China Democratic National Construction Association (CDNCA), one of China's eight democratic parties, conducted an investigation into the rapidly developing private economy of Wenzhou Prefecture in Zhejiang Province. In this report, Feng Tiyun, CDNCA's vice-chairman, and Wu Honglin, deputy director of CDNCA's Central Research Department, both outline the positive economic role private enterprises perform and scrutinize their negative aspects. —Ed.

by Feng Tiyun and Wu Honglin

Over the last ten years, many rural businesses have expanded from being purely household operations to small enterprises hiring employees. Indeed, it is true to say that around 1980-81 wage labour reappeared in China.

Recognizing that the private sector of the economy was well suited to the country's current economic conditions, the First Session of the Seventh National People's Congress adopted a constitutional amendment on April 12, 1988, clearly outlining its nature and functions.

With their existence protected and guaranteed by law, private enterprises (individually owned enterprises with more than eight employees) then started to expand their investment and size. By the end of 1987, 115,000 of them existed throughout the country. Taking into account those

operating in the co-operative or collective name, the number rose to more than 200,000.

## Positive Role

At the primary stage of socialism, the private economy's principal beneficial effects have been to raise productivity and promote the commercialization, socialization and modernization of production in underdeveloped areas. Its

main thrust has been to further the development of a socialist commodity economy.

It is important to note, however, that this economic sector remains under the supervision and management of the state. It is linked to the public-owned economy, which still being clearly dominant, influences and restricts it.

From the CDNCA's investigation into the economic life

Ye Wengui (left) with workers in his Wenzhou Rolled Plastic Film Factory.

XU BANG





of Wenzhou, Zhejiang Province, the following conclusions on the role of China's private economy can be drawn:

1. It has served to promote the establishment of an open, commodity-based economy in an underdeveloped area. For example in 1977, Wenzhou's rural commodity economy accounted for only 10 percent of Wenzhou's total rural products. By 1987 this figure had risen to 60 percent.

2. It has absorbed surplus rural labour. For example, of the 107,000 working people in the Tangxia District of Wenzhou's Ruian City, only 22 percent were working in agriculture in 1987. The rest were all in private industrial and commercial enterprises. In addition, an extra 2,000 people had been hired from outside the area.

3. It has needed little or no state loans or investment to start up. Initial funding for private enterprises has been drawn mainly from funds lying idle in society. Along with their self-development and the appreciation of capital, these enterprises have paid taxes to the state, thus increasing social wealth.

4. With greater managerial flexibility and more managerial rights, the private enterprises have generally proved more competitive than state- and collectively owned companies.

5. In rural areas, private enterprises generally operate on a small scale but with co-operation between different



Chen Jiashu holds up an aluminium alloy roadsign from the badge factory he started with several other people. OU QIMING

businesses. In the towns, larger factories are more common, often tying together several processing plants.

6. The private economy has helped to balance the industrial composition of the rural economy, enlarging the share of secondary and tertiary industry. In Pingyang County, for example, the proportion of the output value of the three industries in the county's gross output value in 1980 was 50.2 percent for the primary industry, 41.2 percent for the secondary industry and 8.6 percent for the tertiary industry. With the development of the private economy, the proportion was respectively 34 percent, 56 percent and 10 percent.

7. By gathering scattered and small-scale resources of labour, funds and techniques from society, the private economy has increased productivity and economic efficiency.

8. The private economy's role in balancing supply and

demand has had a beneficial effect on the formation of market mechanisms necessary for the development of a commodity economy. Wenzhou's ten principal specialized markets are, in effect, comprehensive production and marketing bases. For example, the prosperity of the Qiaotou Button Market, now well-known across China, is directly connected with the success of 450 local private factories.

9. The private economy has accelerated the construction of rural towns, promoting the integration of the city and the countryside.

Clearly, the private economy performs various functions which other forms of ownership cannot, making it a positive element in the overall development of China's productive forces.

## New Stratum

As the private economy has



Liu Wencheng at work in his household chemicals workshop in Liaoning Province.

LI TIECHENG

grown in strength, a new stratum has appeared as its social representative. The Wenzhou study revealed its possession of the following characteristics:

**Middle-aged ownership:** 70 percent of enterprises were owned by people aged 30-40, 15 percent were owned by people aged 29 and under, and another 15 percent aged over 50.

**Education:** 70 percent of owners had either junior or senior middle school education. Only 2.5 percent had had higher education.

**Previous occupation:** Before starting their enterprises, 15 percent of owners were farmers, 20 percent were workers in collectives or township enterprises, 27.5 percent were either buyers and sellers or service labourers, 22.5 percent were

cadres or staff in state-owned enterprises or institutions, and 12.5 percent were unemployed.

The principal reasons given for starting private enterprises were the introduction of new policies permitting their existence, support from local Party and government leaders, a desire to use latent managerial skills and the pursuit of prosperity.

### Negative Factors

While undoubtedly proving beneficial overall, the Wenzhou study revealed that the private economy had engendered various negative features.

1. Most enterprises were interested solely in the pursuit of short-term gains. With no long-term plans, they commonly embarked on any course of action likely to realize profits. Their management tended to be characterized by a lack of an overall strategy, rapid policy fluctuations and a tendency towards speculation.

2. For various reasons, capital accumulation was too rapid and its appreciation abnormal.

3. Large income disparities within enterprises were frequent, with managers often earning 10 times as much as their employees, and sometimes up to 30 times as much.

4. Because of these income disparities, contradictions have emerged between

employer and employed, particularly in realizing the theory that workers should be the masters of their enterprises.

5. The combination of over-rapid capital accumulation with a fear that policies favouring private enterprises may change in the future frequently resulted in profits being directed to consumption rather than reinvestment.

6. In their pursuit of profit at all costs, enterprise managements sometimes engaged in illegal activities.

To promote the healthy development of the private economy, legitimate management needs to be encouraged. This requires fully protecting enterprises' legal rights while offering incentives for them to meet their social obligations such as investing in the production of goods needed by society. The employer-employee relationship of interests and that between different social strata need rectifying, and the nature of the relationship between private enterprises and other sectors of the economy and society needs to be specified more concretely.

Private entrepreneurs should also be encouraged to form their own organizations so that they can incorporate themselves fully into educational, political and social activities. Trade unions should be encouraged to represent the rights and interests of employees.

With its extensive connections with industry and commerce, the CDNCA should also strive to establish a role as a political party, as should the Chinese Federation of Industry and Commerce as non-governmental chamber of commerce. □

# Going It Alone

## —An Account of Private Entrepreneur

**Zhang Baoning, 42, is one of China's more than 200,000 private entrepreneurs. Starting with just a small sum of funds and his professional knowledge, he has nursed his printing business into a sizeable concern with assets of more than 500,000 yuan. He is now a deputy to the Beijing Municipal People's Congress and enjoys a high social and political status. From Zhang's example, a clear picture can be drawn of how Chinese entrepreneurs have worked their way to success. This is his personal account of how he became a self-made man. —Ed.**

I once worked as a designer and typesetter in a state-owned factory. In 1966, I was severely burnt in a big fire when I moved state property to safety. I then stayed in a hospital and a sanatorium for three years. In 1969, completely recovered, I resumed my work in the factory. However, the slow pace of work in state-owned factories and the people's traditional way of thinking made it difficult for me to continue to work there. I don't like to while my life away. Largely inspired by the decision of the Third Plenary Session of the 11th Party Central Committee at the end of 1978 to reform the economy and open China to the outside world, I rethought my career and decided to quit my job. I submitted my resignation in October 1980.

### First Steps

I then started a printing

shop. During my time in the factory, I had once drawn many designs incorporating traditional Chinese symbols. However, I was frustrated when the factory leadership turned them down simply because they didn't appreciate them. In my own shop, I printed them on T-shirts and other garments. To my surprise, they were well received by foreign tourists, and sold well in Beijing's tourist hotels and scenic spots. In the first month, I made more than 5,000 yuan in foreign exchange, far more than a state-owned workshop of 30 workers earned over the same period.

I was the first to start a private printing shop in the city. As an old Chinese saying goes, "Newborn calves are not afraid of tigers." Now I can compete with any factory with my low prices, high quality and stylish designs. I have succeeded.

I do everything myself, de-

signing, plate-making, colour harmonizing, packing and transporting my products to customers. In order to produce on schedule and supply goods on time, I sometimes work until after midnight. My hard work has always paid off: in my first 18 months I made 130,000 yuan in foreign exchange. That's big money. Because I keep my contracts, so far there have been no cases of consumers asking for a refund, even though I offer a full quality warranty. The high quality of my products and service has not only won high acclaim from hotels and retailers at scenic spots around the city, but has also laid the solid foundations for the further development of my business.

Eighteen months after I opened my printing shop, and after paying my taxes, I found I had scraped together 50,000 yuan. In 1983, a city district official in charge of industry and commerce said that he



Zhang Baoning (middle) and business manager Li Baolian (left) discuss management improvements. XUE CHAO

hoped I would hire some young people to earn more foreign exchange for the country. With the support of the district government, I erected a makeshift plywood workshop covering more than 70 square metres and hired seven young people and retired workers.

In 1985, I opened another arts and crafts factory to hire some disabled young people. On September 4, 1985, former US President Richard Nixon toured my factory, wishing me a prosperous future.

In July 1986, I built a two-storey factory furnished with new equipment. I also bought a truck and opened a store in the Summer Palace, a tourist attraction in west Beijing. Now my factory has total assets of more than 500,000 yuan and employs more than 20 workers.

### Legal Backing

Although I have succeeded in business in the past few years, I have never felt re-

laxed. I've always wanted to develop, but have also always worried that the government would change its policy towards private enterprises and label me a "capitalist." However, this fear was finally removed by the Party's decision at its 13th National Congress in 1987 that China needs a multi-ownership economic structure with public ownership predominant at the primary stage of socialism. Therefore, the development of individual businesses and the private economy was to be encouraged. I feel much relieved at the promulgation of the Provisional Regulations Concerning Private Enterprises and the insertion of a special provision on private enterprises in the Constitution.

Private enterprises can develop freely so long as they confine their business activities within the limits of the law and state policies. There are now dozens of laws and regulations relating to private enterprises, including taxation law

and contract law.

At present, I have to pay 11 kinds of taxes and duties, such as business tax, income tax, and taxes for education, construction, real estate, land use as well as industrial and commercial consolidated duties.

To be frank, I am taxed too much. Anyway, I have always paid my dues on time, and never refused, evaded or delayed. Ever since I started my business, I have maintained a sound book-keeping system recording all transactions from the purchase of raw materials and production through to marketing. Recently, the city's tax collectors came to check my accounts. No problems were discovered. The city government has cited my business as "a civilized shop with high credit." Every year, the city government praises me for abiding by the law. I am now a deputy to the Municipal People's Congress and a member of the city's federation of industry and commerce association.

In business, I have never given government officials any bribes or offered salesmen any rebates. I run my business fully within the boundaries of the law and state regulations.

### Honest Money

According to an ancient Chinese saying, gentlemen make honest money. For private entrepreneurs like me, this is a good creed. To make money, one must rely on good credit, quality products and good service. However, there are quite a few individual businessmen who make money in crooked ways. These people will never succeed.

Since China's private enterprises are still in their infancy, society holds many prejudices against entrepreneurs and

lacks confidence in their projects. For example, when I advertised my products to some big hotels in my early days, they declined to deal with me when they discovered I ran a private shop. Even today, some state-owned shops still refuse to place orders for my products. Well, I have to do as best I can, but nonetheless the discrimination rankles.

To overcome these problems, I have taken the following measures:

**High quality at low cost.** My shop sells about 1,000 kinds of traditional Chinese arts and crafts, all of them of high quality. I buy them directly from producers to sidestep the costly intermediate links, and then sell them at prices about 33 percent lower than in state shops. My aim is to sell more at a lower profit margin. In the last few years, we have received more than 5,000 foreign customers. A lot of them have returned many times. Many Chinese about to go abroad come to buy gifts for their foreign friends.

**Good service.** Good service is my factory's lifeblood. I train my employees to treat their clients as supremacy. One day, a foreign woman came to my shop, one of my attendants mistakenly overcharged her one yuan. Checking the accounts in the evening, I discovered the error and immediately went to the hotel to return the one yuan to the lady and apologize. Much moved by our way of doing business, the woman repeatedly praised our shop for its high business ethics.

**After-sales backup.** Refunds, replacements and maintenance are guaranteed on all sales. I try to satisfy all the requirements of my clients. Attendants, if found quarrelling with consumers or behaving badly in any other way, will be fired without delay.

**New and fashionable commodities.** I am responsible for developing new designs and styles. I am deeply convinced that only a factory that keeps turning out good products can survive in the market. I often

conduct market investigations to find out what consumers like most and why. For example, on one batch of T-shirts I printed a Han Dynasty design of a warrior riding a chariot. Alongside I put a verse by the Song Dynasty poet Su Shi "Enjoying a Sightseeing Tour in the Motherland" with the English words "China, My Motherland." To my surprise, the T-shirts were well received by overseas Chinese on tourist trips to China. One overseas Chinese from Indonesia said, "As leaves fall back to the roots sooner or later, I must come back to my homeland."

Moreover, my products have also found their way to the United States, Japan, France, Italy, the Federal Republic of Germany and Hong Kong. Recently I was granted the power to trade directly with foreign businessmen.

I am very ambitious, and don't feel satisfied with my success on the domestic market. I want to carve a bigger share of the world market. This month, I am going to Bolivia to see how my products might fare in South America.

Ex-US President Richard Nixon tours Zhang's shop on his fifth visit to China in September 1985.



## My Employees

As everyone knows, relations between a Chinese boss and his employees are delicate in China. For a while they get along quite well, and then suddenly a dispute erupts. Accustomed to the old way of "eating from the same big pot" regardless of how hard they worked, some of my employees lacked a sense of responsibility and tended to take things easy. Some of them came to my factory through the recommendation of big shots, and others were disabled, assigned to my factory by the government to help them support themselves. These are some of the difficul-



Goods piled high in Zhang's shop.

XUE CHAO

ties of management.

It's no easy job to operate a private factory. I have to do almost everything myself, from arranging production and dealing with public relations through to marketing and receiving visitors. Every month, each of my employees is required to fulfill a quota of 5,000 yuan; my own quota is somewhere between 20,000 and 30,000 yuan.

However, my employees and I respect and treat each other as equals. I am always ready to discuss problems with any of them. Sometimes we shout at each other, but mainly we remain on good terms.

I offer my employees the same fringe benefits as workers enjoy in state-owned enterprises, such as food and housing subsidies, welfare insurance, various leaves and recreational amenities. In addition, they can come and go any time they like.

However, we don't always see eye to eye, especially over income distribution. They think I must have made big money by exploiting them. They never feel satisfied even though they are much better paid than their counterparts in state-owned factories. I am going to try out the joint-stock system with my workforce with dividends distributed according to the stock they hold.

### Lifestyle

My factory makes more than 100,000 yuan a year. Apart from paying taxes and my employees' wages, I spend most of the surplus on expanding production. I hold in high esteem the fine Chinese tradition of plain living and hard work. Although I now have a big sum of money, I never squander a penny. Every month, I draw my wage of 150 yuan, and now have savings of 20,000 yuan in the bank. My wife works in a

state-owned factory. My family and I live in a home of one-and-a-half rooms, fitted with furniture I made myself. Like an average Chinese home, we have just a few electric appliances and consumer durables. I have never dined at the city's big hotels and restaurants even though I often visit them on business. I remain an ordinary Chinese.

However, I never hesitate to spend on things I regard as beneficial to society. For example, I have donated more than 12,000 yuan to the Children's Foundation and the Foundation for the Disabled.

### My Problems

Although developing the private economy is China's long-term policy, some private entrepreneurs still worry that it might change someday. It's also worrying that some grassroots cadres don't carry out the Party's policy to the letter. They often give private entrepreneurs a hard time, by levying heavy duties, for example.

There is widespread prejudice against and misunderstanding of private entrepreneurs in our society. Some people only see how much money we have made. They don't see how much labour we have put in.

In addition, few private entrepreneurs are well educated and enterprising. Employees in private enterprises are much less educated and proficient in management. In particular, there is a shortage of personnel in private enterprises capable of conducting foreign trade.

Although faced with a large number of problems and difficulties, private enterprises have a promising future. They should march forward in the next few years in large strides. □

## FACTS &amp; FIGURES

# The Individually Owned Economy

by the State Statistics Bureau

China restored individually operated or household businesses in 1978. Since then, this sector of the economy has registered rapid growth in both rural and urban areas, largely in industrial and commercial enterprises.

## Expansion

Since 1981, the number of China's urban and rural household enterprises and their employees has increased yearly (see table).

The development of the household economy has created many new jobs, thus absorbing large numbers of idle workers and school graduates (particularly in the countryside) and ensuring social stability. According to initial statistics for 1983-87, of all newly employed urban residents, 4.22 million found work with household enterprises.

As the number and income of this economic sector have increased, it has become an

important supplementary part of China's economy. According to the State Administration for Industry and Commerce, by the end of 1987, China's licensed self-employed had accounted for 4.1 percent of the total social workforce, or 16.4 percent of all workers in state-owned and collectively managed enterprises. In the same year, urban and rural individually operated industry produced a total output value of 50.239 billion yuan, 3.6 percent of the national figure, and paid 7.959 billion yuan in taxes to the state.

## Distribution

By the end of 1987, the vast majority of China's urban self-employed, 4.87 million people, worked in tertiary industries. Some 800,000 worked in industry and construction (up from 120,000 in 1981). With the continued expansion of material and cultural demands, a large number had started businesses in the fields of culture,

education, public health, social welfare, public utilities or consultancy services—close to 650,000 people altogether. Only 17,000 worked in agriculture, forestry, fisheries or water conservation.

With this broad spread, the individually owned economy can play a positive role in national economic development given the condition of productive forces at the primary stage of socialism.

In rural areas, the number of workers in industrial and commercial households increased from 1.219 million in 1981 to 16.66 million in 1987. Of this total, 5.076 million (30.4 percent) were engaged in industry (including handicrafts), communications and transportation; 9.274 million (55.7 percent) in commerce and catering; and 2.31 million (13.9 percent) in other trades.

In 1987, these small rural businesses produced 24.45 billion yuan's worth of output value on a total business vol-

	1981	1982	1983	1984	1985	1986	1987
	Unit: 1,000						
Number of households	1,829	2,636	5,901	9,304	11,710	12,111	13,725
Urban	868	1,132	1,706	2,222	2,799	2,910	3,383
Rural	961	1,504	4,195	7,082	8,911	9,201	10,342
Number of employees	2,274	3,198	7,465	13,031	17,660	18,459	21,583
Urban	1,056	1,358	2,086	2,911	3,849	4,076	4,923
Rural	1,218	1,840	5,379	10,120	13,811	14,383	16,660

## Tibet: Human Rights and Religion

Human rights, religion and education are the major issues examined in the second instalment taken from "100 Questions About Tibet," just published by Beijing Review Press. Based on first-hand accounts and historical documents, the book aims at answering many of the questions raised about Tibet in recent years. The first instalment and a full review of the book appeared in our last issue. —Ed.

**Q: Some people have said that Tibet has several hundred prisons holding many thousands of political prisoners. Others have claimed that Tibet has 73 prisons with 80,000 prisoners. What are the facts?**

**A:** Neither of these claims are true. At present, the Tibet Autonomous Region has only one prison and two reform-through-labour teams. Between them they hold some 900 prisoners. All of them are criminals who violated China's Criminal Law. All the prisoners who participated the 1959 rebellion have already been released.

**Q: Some people have accused China of carrying out "racial segregation" and "racial dis-**

**crimination" in Tibet. What is the reality?**

**A:** This just is not true. China is a multi-national country, and the Tibetans are just one of China's 56 nationalities. The Chinese Communist Party has always carried out the policy of equality between all nationalities. After the peaceful liberation of Tibet, the central government showed great concern and gave much support to developing the region and improving the livelihood of its people. Their religious beliefs, customs and habits have been respected and regional autonomy fostered. Now, more than 61 percent of Tibet's government employees are Tibetans, including a great

proportion of high officials. All prefectural, county and township leaders are Tibetans. Clearly, the Tibetan people are their own masters.

**Q: Some people have said that Tibetans cannot act freely in Tibet, and that Tibetan cadres and children aged under 18 cannot travel abroad. Is this true?**

**A:** That isn't how things stand. Like all Chinese, Tibetans enjoy the full rights of democracy and freedom enshrined in the country's Constitution. Because of this, China welcomes foreign visitors to travel to Tibet and discover for themselves the true condition of the region.

It is also false statement to

ume of 70.23 billion yuan. Their retail sales totalled 48.7 billion yuan (8.4 percent of national retail sales), and by the end of the year they had 18 billion yuan at their own disposal (according to the State Administration for Industry and Commerce, the figure for urban and rural industrial and commercial enterprises combined was 23.61 billion yuan).

As their incomes have increased dramatically, some individually owned enterprises

have reinvested most of their profits in expanding production and hiring more workers. Most, however, have not. Because the educational level of most owners is low and government management of this sector of the economy is ineffective, their predominantly short-term orientation needs correction. At present, a large proportion of their income goes on consumption, while some part of the increased value and capital of their enter-

prises has come from illicit or illegal sources. Both of these factors disrupt the normal order of social and economic activity.

At present, privately owned enterprises appear to make better use of their income than individually owned businesses. They not only tend to have higher rates of productivity but also use more advanced technology and equipment, thus proportionately creating more social wealth. □



claim that Tibetan cadres and children under 18 are not allowed to go abroad. Since China implemented its reform and open policy, the number of Tibetans travelling abroad to teach or study has gradually increased. More recently, several art troupes have also visited other countries to give performances. In addition, around 1,000 Tibetan cadres and citizens have visited their relatives and friends abroad. Some of them have taken their children with them. It has to be noted, however, that because some exiles still attempt to indoctrinate young Tibetans with reactionary ideas of "Tibetan Independence," Tibet's local government has to take some precautions.

**Q: The Dalai Lama and others say that Tibetan children have been deprived of the right to education and that Tibet has become an area of illiteracy. Is this true?**

**A:** These remarks are not based on facts. The real situation is: since peaceful liberation in 1951, there have been continual efforts to develop education in Tibet. By the end of 1986, a total of 148,000 students were enrolled in schools in the autonomous region. The region now has three institutions of higher learning, 14 secondary vocational schools, 64 middle schools, and more than 2,300 elementary schools.

Tibetans make up a large proportion of the students. For example, 109,000 of the 121,000 elementary students are Tibetan; 14,200 of the 21,950 middle school

students are Tibetan; 2,130 of the 3,060 students in secondary vocational schools are Tibetan; and more than 1,900 of the 2,860 college students are Tibetan. To further develop the region's education, the regional people's government allocated one-eighth of its annual budget for education, the largest ratio in the country.

In contrast to the present situation, there was not a single modern school in Tibet before 1951. There were only a few old-style private schools whose enrolment totalled less than 600. Now 54.4 percent of school-age children attend school, and total enrolment at all levels of schooling is close to 150,000. Illiteracy has dropped from 98 percent in 1951 to 60 percent. Of course, this is still not satisfactory and great efforts must be made to improve the present situation.

In any event, there is no way one can conclude that Tibetan children have been deprived of their right to education or that Tibet has been turned into an area of illiteracy.

The Living Buddha Pumi Qiangba Luozhu, deputy chairman of the Tibet branch of the Buddhist Association of China. In 1958 he was awarded a first-class Geshe (doctorate) together with the 14th Dalai Lama.



**Q: It is reported that there are serious problems of unemployment and child labour among the Tibetans. Is it true?**

**A:** Tibet's labour force is not in the surplus; instead, it has been falling short of demand for the economic development. The worker-recruitment quotas set by the state for the region every year are always hard to meet. The so-called serious problem of unemployment is nonexistent in Tibet. Among the recruited workers, Tibetans are always in the majority. In terms of wages, fringe benefits and labour protection, the state treats Tibetan and Han workers equally.

The Chinese government has clearly stated a ban on child labour. In Tibet child labour has never been a serious problem. It is true that in the farming and pastoral areas of Tibet some children share their parents' work. Although this often adversely affects the popularization of primary education, it is a problem of a different nature.

**Q: People at the side of the Dalai Lama also said that the hospitals in Tibet only serve the Han people. Is that true?**

**A:** Not at all. As is well known, the Chinese People's Liberation Army garrisoned in Tibet sent many medical teams to cities, towns and the countryside to give Tibetans free medical care in the early 1950s. Since then, Tibet has been the only place in China where all the people receive free medical service. All Tibetans, government employees or not, need pay



Lamas in the Sera Monastery attending their morning lesson.

neither for seeing a doctor nor for an operation. Even their expenses for medicine are borne by the state.

For more than 30 years, the majority of out-patients and in-patients in the hospitals run by the autonomous region has been Tibetans. For example, the total number of out-patients in Tibetan hospitals in 1986 was 6,340,165, of which 5,858,204 were Tibetan patients, or 92.4 percent of the total. The total number of in-patients were 72,212, of which 65,712 were Tibetans, or 91 percent.

According to census data, the birthrate in the population of Tibet in 1981 was 31.05 per thousand. That was 10.15 per thousand higher than the national birthrate of the same year. The mortality rate was 9.8 per thousand, compared with 30 per thousand before the democratic reform in 1959. Population growth was 21.13 per thousand. It was good medical service and effective measures taken to prevent malignant infections and cure diseases affecting natality that caused this situation.

**Q: How long is the average life-span of the Tibetans living in Tibet? How is it compared with what it was before the peaceful liberation of Tibet?**

**A:** Along with the rising of people's living standards and the development of the medical and health facilities and services, the Tibetan population in Tibet has increased greatly since the region's peaceful liberation in 1951. The size of the population has expanded from 1.2 million in 1951 to today's 2 million. The average life-expectancy of Tibetans has risen from 35.5 years before the liberation to 63.7 today, a margin of 28.2 years.

**Q: Some people have claimed that China practised forced sterilization and the killing of infants in Tibet. Is this true?**

**A:** This is nothing other than sheer nonsense. China began to advocate family planning throughout the country in the 1970s, achieving notable results. In Tibet, however, it has

only been encouraged among Tibetan cadres, workers and staff where the conditions were suitable. The government has never asked the Tibetan farmers and herdsmen to practise family planning. Even among the Tibetan cadres, workers and staff, the regulations are far more lenient than is the case with Hans in other parts of China. The state advocates one child per couple, permits

two, and occasionally three under special conditions.

At the same time, Tibet's public health departments have actively strived to raise health standards for women and children. With the aim of raising the birthrate and lowering infant mortality, new midwifery methods have been popularized, women have been encouraged to give birth in hospital and knowledge on infant health has been widely disseminated. As a result, the Tibetan population has risen from 1.2 million in 1952 to about 2 million in 1986.

**Q: What were the conditions regarding human rights in Tibet before democratic reform?**

**A:** Before democratic reform, Tibet was a feudal serfdom. The entire means of production was owned by less than 5 percent of the population made up of officials, nobles and monasteries—the so-called three estate-holders. The majority of Tibetans were slaves or serfs. Regarded as private property by their owners, they were made to work

day and night, sold, exchanged or mortgaged. If they disobeyed orders or did something wrong, they could be cruelly tortured or even killed. Under such conditions, most Tibetans could hardly even consider personal freedom, let alone human rights.

**Q: Some people claim that the Chinese Communist Party has eliminated religion in Tibet. Is this true?**

**A:** Any one who has been to Tibet and has no prejudice will say it is not true.

In Tibet there are now 1,142 active monasteries and religious centres. Incense smoke can be seen everywhere curling up from the monasteries. Lamps in front of Buddhist statues burn day and night. There are always continuous streams of worshippers walking round monasteries and prostrating themselves in the street to pray. Most Tibetan families have niches for Buddhist statues, and colourful sutra streamers are openly displayed.

Chinese Communists are atheists, but they are not opposed to others having religious beliefs. They do not stand for the abolition of religions by force. China's Constitution stipulates that all citizens have the freedom to religious belief. But no state organs, social groups or individuals are allowed to interfere with or discriminate against the religious beliefs of others. In fact, regular religious activities are protected by the state.

In the past 10 years, the Chinese government has allocated more than 36 million yuan in special funds to rebuild and renovate monasteries in Tibet that were destroyed during the "cultural revolution." Many religious

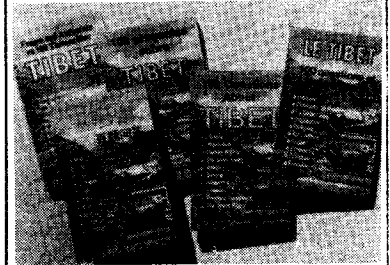
centres have been renovated and reopened.

The Tibetan branch of the Buddhist Association of China and Buddhist associations in all prefectures and cities in the region have been reinstated. A Tibetan Buddhist college has been established, and all monasteries have opened sutra-learning classes. The Sunning-the-Buddha Festival, in 1985, and the Monlam (summons ceremony) of Lhasa in 1986, both of which had been suspended because of the "cultural revolution" were revived.

During the 1966-76 "cultural revolution," due to "leftist" errors, the religious policies of the Chinese Communist Party were disrupted. Many temples and monasteries in Tibet suffered serious destruction. But this problem was not exclusive to Tibet. Temples and monasteries in other parts of China also suffered. Now the catastrophe has passed, and the Party's policy of religious freedom is being fully implemented.

**Q: Are there any professional schools for training religious workers in Tibet?**

**A:** Yes, there are. The Tibet College of Buddhism, founded in 1983, prepares students for future religious work, and various large temples and monasteries also open classes for learning sutras. Moreover, a high-level Tibetan Buddhist institute has been founded in Beijing mainly for cultivating the living Buddhas. The president of the institute was Bainqen Erdini Qoigy Gyaincain, one of the two highest living Buddhas in Tibet. He died of heart attack on January 28, 1989. □



## Hot Off the Press

**One Hundred Questions About Tibet** has just been published in Chinese, English, French, German and Spanish by the *Beijing Review Press*.

The book covers 10 topics: history, population, human rights, the Dalai Lama, religion, culture, autonomy, economy, people's livelihood and the Lhasa riots. In a question-answer format, the book provides a wealth of historical records and facts for people at home and abroad curious about the developments in Tibet.

In a 34-mo format, the book totals 70,000 words, with 42 photos and a map of Tibet.

Available from Business Department, Beijing Review, 24 Baiwanzhuang Road, Beijing 100037, China.

Price:

Outside China--US\$3.50 (including international postage, surface mail); US\$5.00 (including international postage, air mail);

Inside China--RMB4.00

# New Economic Crimes Arise

JINGJI RIBAO  
(Economic Daily)

**S**erious economic crimes have continued to occur and some new situations and characteristics have emerged in the last two years. This is because new economic order has not been established and appropriate measures have not been taken.

● More major graft and bribery cases. In 1986, 39,600 cases of major graft and bribery were investigated by the people's procuratorial organizations, accounting for 80 percent of all cases handled by these organizations. In 1987, 28,000 such cases were investigated, making up 75 percent of the total cases on record. From January through October of 1988, the number of such cases was 16,000, or 71 percent of the total cases investigated.

Among the economic cases handled by the people's procuratorates, major economic cases numbered 5,392, or 17 percent of the total in 1987, and during the first ten months of 1988, there were 2,400 such major economic cases, or 16 percent of the total cases filed for investigation and prosecution.

In some regions the totals were even higher. In Guangzhou, there were 45 cases of major graft and bribery investigated by the municipal procuratorate between January and October 1988 that involved more than 10,000 yuan each, or 40.2 percent of the total cases recorded during that period. This represented a 3.3

time increase over the corresponding period of the previous year.

● Younger offenders. Due to rising patterns of consumption, some young people in charge of money and materials have seriously attempted to embezzle public funds and commit other economic crimes. According to statistics from Huangshan and Chongqing procuratorates, between January and August 1988, 30 offenders convicted of economic crimes were under the age of 35. They made up 53 percent of the total number of cases investigated and prosecuted.

● Criminal partnerships. Before 1986, most crimes were committed by individuals acting alone. But after 1987, a pattern of crimes committed in partnership has emerged. In one county alone, from the beginning of 1987 to September 1988, 14 such cases were recorded, and 63 people were found guilty. Each case involved an average of five partners, and one case involved more than 100 people.

● Officials in crime. The number of government officials engaging in economic crimes has increased in recent years. Of 31 offenders investigated by Jiangxi Xinjian County Procuratorate in 1986, for example, five (or 16 percent) were leading cadres. From 1987 to September 1988, 31 of 89 economic crimes had been committed by unit leaders, accounting for 35 percent of the total number of such crimes in that county.

● Computer crimes. Many embezzlers juggling accounts for profit now commit their crimes with the aid of computers. A cashier in a hotel in Guangzhou, for example, stole 10,400 yuan in Foreign Exchange Certificates and 11,000 yuan in Renminbi with the aid of a computer.

● Absconding with funds. In Guangzhou, Wenzhou and Bengbu, a total of 38 offenders absconded with funds in 1988, including five from Guangzhou who fled the country.

● Spending patterns. Since 1987, a large number of offenders have spent their illicit gains on expensive commodities, fancy eating and drinking, and gambling.

(December 15, 1988)

## Students Voice Their Concerns

ZHONGGUO QINGNIAN BAO  
(China Youth News)

**A** recent survey asked 450 Beijing students what concerned them most and listed the ten top issues:

1. Some middle-school students are hesitant about applying for higher education because of the state's new policy of not securing jobs for college graduates as of 1993. That means those who become freshmen at universities then will have to find their own jobs when they complete their studies in four years. Current middle-school students aren't sure which offers a better future, going to college or finding a job right after graduation.

2. The students want to follow the example of their foreign counterparts and work

part-time during vacations in order to earn their own pocket money. But they find it is not easy to get a casual job.

3. The method of students choosing their own teachers has been adopted in some schools and well received by students. Its strong points can arouse students' enthusiasm for studying and mitigate contradictions between teaching and studying.

4. Students falling in love at an early age has become a problem of much social concern. However, no good solution, if any, is available. According to the survey, the number of early lovers is increasing.

5. Students also are concerned about the way that classmates help each other do homework for money. Some students think that the practice reflects new values while others argue that it is nothing short of capitalism in which only money counts. The problem is whether it is all right to introduce market rules into classroom.

6. Students hope to introduce the competitive mechanism to their classroom and elect class leaders by way of contest.

7. Smoking has become a common phenomenon among male students.

8. Students also complain that they have no place to go for after-school refreshments and activities.

9. Some schools collect money from students under all sorts of pretexts. Take a school in Beijing's Fengtai District for example. Each student paid an average of 116 yuan for various activities during half of a term.

10. Students lack a sense of security. Some lawbreakers publicly extort money from students or take liberties with

women students even in front of school gates.

(December 13, 1988)

## Power Lures Worshipers

LILUN XINXI BAO  
(Theoretical Information)

**T**here are characteristics that indicate the existence of a worshiping power in China's present society. They are mainly as follows:

**Official rank system.** Official titles and ranks are seen as standards or parameters to measure people's social, political and economic positions and the value of life. In the process of social management, it is not unusual to determine the standards of various social organizations and their members' posts and living conditions according to administrative ranks.

Essentially, the status of official ranks correlates with the degree of power, and power becomes the standard by which officials are ranked. Therefore, the official standard is the power standard in substance.

**Overlording.** In a human society, each member constitutes a part of the society. Take workers, farmers, tax collectors, policemen, teachers and customs officers for example. Each of them has his or her job that is indispensable to society. To safeguard the normality of social lives while working at their posts is their duty.

However, a number of people look upon their duty as means to achieve power. Because they have special roles within society, they think that they have the power to extort

money and materials from society and people. As a result, overlording has emerged.

This is vulgar power worshiping. It has changed people's social responsibility and mutual help into power relations.

**Replacing law by power.** Law should be the criterion of action for all people in society. Its great significance lies in the fact that every one abides by the law.

The "cultural revolution" (1966-76), presented the most ridiculous and longest farce of power treading law ever seen in China. Even today many power-wielders still hold that the law is to deal with the enemy or restrain the masses and has nothing to do with them. There are many cases of power overshadowing law.

Seeking personal gains with power. In our society, some people regard power as something more valuable than money. They try their best to transform power into property. The ways of transformation are various. The most popular is the unhealthy tendency of taking bribes. To give dinners or offer gifts and bribes does not mean that ordinary people hold those power-wielders in esteem. Actually, it means that powerless people worship the power some people hold and hope to gain some benefits from it. Writing a slip of paper is power; a ticket is power; and a signature is power. Those who have it can gain benefits.

The phenomenon of bureaucratic profiteers in recent years is an even more undisguised worship of power. Some social organizations and individuals take advantage of their positions and power to disturb normal commodity circulation and reap staggering profits.

(December 12, 1988)

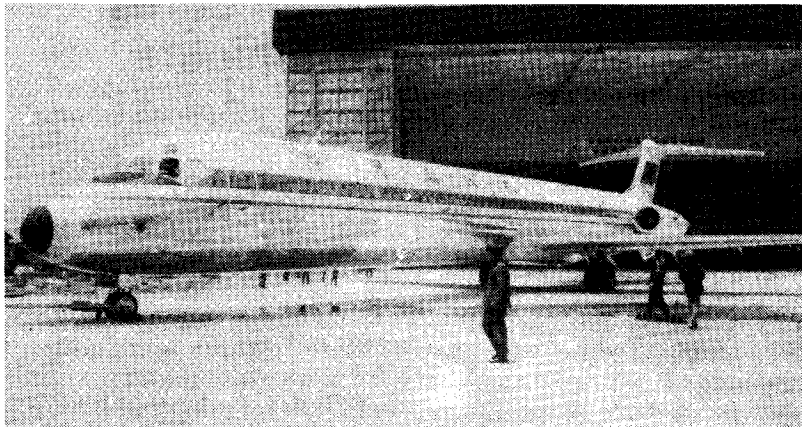
## Bush Looks Good for Sino-US Ties

**W**ith George Bush at the helm, Sino-US economic co-operation should advance rapidly and smoothly, a Beijing expert predicted recently.

Kong Fanchang, a researcher at China's Ministry of Foreign Economic Relations and Trade, said that the United States was looking to develop overseas markets during the next few years to maintain its economic and trade strength.

He said that American business circles were looking more and more towards Asian-Pacific countries because of their trade potential. With China embarked on its modernization drive, prospects for joint economic development were rosy.

He added that over the next few years co-operation could become a springboard for economic growth and trade: China, with its rich labour resources and huge potential market, needed investment and technology, while the United States, with abundant funds and advanced technology, badly needed cheap labour from other countries to raise



Sino-US co-operation: A McDonnell Douglas MD-82 made in China.

YANG PUTAO

its competitiveness and expand its share of world markets.

With one country able to supply the other's needs, Kong said, there was a wide range of possibilities for future co-operation.

According to a Chinese commentator, many of the country's official researchers are confident that George Bush will help Sino-US relations because he has a greater knowledge of the country than his predecessors.

Recent government statistics put the number of US-funded

projects in China at around 500, with total investment at US\$3.17 billion. The US is now the largest source of foreign investment in China.

In the first 11 months of 1988, bilateral trade totalled US\$7.14 billion, making China the United States' 13th largest trade partner. With 9 percent of China's foreign trade, the United States is China's fourth largest partner after Hong Kong, Japan and the European Community.

by Yue Haitao

## Some Imports Substandard

**D**uring 1988, China's import inspectors uncovered many problems in the quality of imported goods. According to Zhu Zhenyuan, director of the State Commodity Inspection Bureau, of the 70,402 batches of imported commodities examined, 15,902 were below the standard speci-

fied in their contracts. Although compensation payments of US\$100 million were recouped, many Chinese manufacturers still suffered heavy losses.

Among the major problematical goods were machinery, electrical products, wool, natural rubber and plastic resin.

The quality of timber improved slightly, but supplies were often underweight.

As well as poor quality, there were several instances of old manufacturing equipment being supplied. Among the major cases were an American bottle-making production line bought by Hubei Province,

French vegetable dehydrating equipment bought by Yunnan Province, Belgian carpet machinery for a gunny jacquard loom bought by Hunan Province, Italian milk processing equipment bought by Shanghai and Tianjin, and a French compound can production line bought by Zhejiang Province.

According to Anhui's inspection authorities, 22 percent of the 3,861 tons of plastic resin it inspected last year were substandard.

The State Commodity Inspection Bureau said most of the problems stemmed from inadequate procedures to verify the standard of technology and commodities in contracts. To rectify the situation, effective measures are needed to strengthen the management of examination and approval of imported items. Zhu said these should be incorporated into contracts, along with clauses on compensation payments.

He added that quality licences for imported commodities would be introduced during 1989 for household electrical appliances, automobiles and motorcycles. A full list of goods requiring the licences would be published during the first half of the year.

China's Commodity Inspection Law should be examined and approved at the sixth meeting of the Standing Committee of the National People's Congress to be held later this year.

by Li Ning

#### CORRECTION:

In our last issue, the last line of Editor's Note on p.21 should read "(a full review) by Israel Epstein, a noted writer who has visited Tibet four times.—Ed."

## Confidence Lifts Foreign Funding

Improved operating results for established investors in China and a growing interest in the Chinese market helped push commitments for direct foreign investment in China to a record US\$12.5 billion in 1988, according to a recent study by A.T. Kearney, Inc. That is double the US\$6.3 billion committed to investment in China in 1985, the last time a record was set.

A.T. Kearney, an international management consulting firm based in Chicago, originally conducted a study of foreign manufacturing experience in China in 1987 in conjunction with the International Trade Research Institute in Beijing. The 1988 data were derived from the firm's first annual update.

Philip F. Banks, vice president in charge of Kearney's international division and director of its operations in China, said the doubling of foreign investment in China has resulted from improving conditions experienced by current foreign investors and the growing importance of China as a market and for the sourcing of products from this base on the Pacific Rim. For example, investors find that the payback point is being reached sooner, he said.

It appeared that the fulfillment of business contracts in China is becoming easier for foreign firms, Banks said. "While only about US\$2 billion of the US\$6 billion committed to Chinese investments in 1985 actually came to fruition, US\$8.8 billion of the US\$12.5 billion in 1988 commitments has already been realized."

Additionally, he said that 240 foreign firms announced commitments for wholly owned ventures in China last year—the most difficult form for a foreign investor to realize.

Despite the increase in foreign investment, however, Banks noted that some prior concerns about raw materials shortages, quality deficiencies and price escalation for raw materials and components remain a stumbling block for foreign investors, particularly in manufacturing joint ventures.

"So, while China offers one of the world's greatest opportunities for trade and investment growth—and joint ventures are an excellent way to secure a position in this market—it is vital that a successful foreign joint venture be able to offer a solution to the raw materials and components supply situation while addressing the attendant matter of foreign exchange," Banks said.

In the past, Banks said, joint manufacturing ventures in China often had to import more supplies than originally planned. "For example, it has taken nearly three years for Volkswagen to achieve more than 10 percent of its sourcing from local suppliers in a joint venture in Shanghai," he said. "This type of situation has a significant influence on the ability of a joint venture to develop a positive net foreign exchange balance."

"Our latest research indicates that, in spite of difficulties, confidence is definitely increasing among foreign firms doing business in China," Banks said. □

## Break Dancing: A New Craze

It is not unusual to find at the empty spots along the road down, small lanes and in the parks a cluster of young people breakdancers, with rock'n' roll blaring from a recorder on the ground. At dance parties, break dancing lovers match skills with one another, and even some of the professional arts troupes perform break dances to attract audiences. Last year, a feature film entitled *Young People of Rock'n' Roll* was produced by the Beijing Youth Film Studio.

Many break dancing contests were held in various parts of the country. Such a contest in Nanjing, a city in eastern China, lasted about 20 days, and each night, nearly ten thousand people attended. Those who failed to get a ticket did their own breakdancing just outside, accompanied by the rock music from within. Another such contest held in Shijiazhuang, capital of Hebei Province, drew about one hundred breakdancing stars from ten northern Chinese cities. Provincial and city leaders were present and conferred the awards to the winners. Beijing,

the capital of China, also held a Best Breakdancer Contest. The contestants were from all walks of life, including workers, cadres, middle school students and college students, as well as professional dancers. During the contest, the Shoudu Workers Gymnasium, with a capacity of 12,000 people, had a full house.

The Breakdancing craze among Chinese youngsters is a social reflection of today's lifestyle and cultural psychology. Fans said that the dances can make the participants as

well as the viewers intensely excited, and at the same time, lighthearted and relaxed; it can be viewed as an explosion of vitality. Some people noted that breakdancing was considerably more free in action than other types of dancing, and as a result, served as an expression of individual personality and character. Although there are many people who feel either curious or disgusted with breakdancing, most appreciate it or at least maintain a lenient attitude towards such a craze.

by Feng Jing

A national break dance contest.

TANG SHIZENG





## Qin Terra Cottas: New Sites Ahead

In mid-December, Chinese archaeologists began to dig out and restore Cave No. 3 of the Qin Dynasty Terra Cotta Warriors and Horses, located about 40 km east of Xian in Shaanxi Province. The new site is scheduled to be opened to visitors on October 1, 1989, a date coinciding with the 40th anniversary of the founding of the People's Republic of China.

The clay warriors and horses are artifacts from the tomb of Qin Shihuang, China's first emperor, who unified the country in 221 BC. Within the mausoleum area, there are three caves for approximately 8,000 life-size clay warriors and horses. Previously an ex-

hibition hall of 16 thousand square metres was built atop Cave No. 1, which greeted public eyes on October 1, 1979. So far, it has drawn more than 10 million foreign and domestic visitors.

The third cave's spanking-new exhibition hall, with an area of 2,000 square metres, is located about 20 metres northwest of the previous cave. While the oldest hall is arch-structured and employs natural lighting, the newest has a solid, earthy appeal. Its ladder-shaped structure and artificial lighting highlight a vivid ancient atmosphere.

The molded surface of the third cave enshrines a four-horse chariot and four offi-

cers, as well as a ring of 64 armoured warriors, which surround the commander's chariot at the centre. The only evidence of weapons are 30 bronze *shu* (a kind of ancient lance), which serviced the honour guards. Experts concluded that this cave was the command headquarters for troops quartered in the first and second caves.

Some 20 metres north of the first cave is the exhibition hall of Cave No. 2. This 12,500-square-metre construction was first undertaken in early December 1988. More than 1,000 clay warriors and horses entombed in Cave No. 2 will be persued by the public in 1990. □

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## Dai Qing: A Prolific Woman Writer

Dai Qing is by no means China's only talented contemporary woman writer. ut since the publication of her first short story, *Longing*, in 1979, her choice of sensitive themes and use of a straightforward but critical style has attracted ever more readers.

*Longing* was a product of the ten year turmoil of the "cultural revolution"(1966-76). It portrays an intellectual's life and psyche in a fatalistic and sad tone. Its leading character is an engineer, long separated

from his wife who works in another place. When they finally are reunited, the engineer catches a terminal disease and dies.

Upon publication, the piece drew great attention, and Dai, a graduate of Harbin Military Industry University in the northeast of China, said goodbye to her original profession to take up an invitation to work as a journalist for the *Guangming Daily*.

Since then, she has written a series of short stories, 18 of which have now been collected

in two volumes titled *No* and *The Last Ellipse* respectively. They all share the style of *Longing*—simple, unsophisticated, but always driving a strong plot to a climax.

One of the best of these tales is *Snowball*, the story of a cat who grows fat from easy living. Discontented with her slothful existence, she resolves to perform great feats. Venturing out one night, she encounters, fights and defeats a group of homeless cats. But in her moment of victory, she feels a sudden perplexity. Finding the

vulgarity of her wild sisters unbearable, she decides to return to the comfort of her master's warm home. Clearly allegorical, Dai uses the story as a vehicle to explore the intellectual's psyche and the way society and habits fetter human beings.

Some of Dai's most effective works written since the mid-1980s have been in the field of reportage. *Liang Shuming and Mao Zedong* is generally acknowledged as the best. In this piece, Dai discloses a series of historical facts

unknown to most people. She follows Liang and Mao's relationship from their early days as town fellows and good friends to Mao's rebuke of Liang for his frank criticism of the Party's policies in the 1950s. With a style that is calm, objective and reserved at all times, Dai produces a tale compelling throughout.

Dai's other reportage works include a series titled *Chinese Women* which examines the views of women on marriage, love, sex and even sexual crimes in contemporary China

—all sensitive themes that have found a ready number of readers.

Dai, 48, stands at the peak of her creative career. Since the beginning of the year, she has started preparing a large-scale reportage series under the title *China's Modern Intellectual Group—From Chen Duxiu to Fang Lizhi*. Comprising all her works on intellectuals, this work will include some controversial celebrities and historical events—reflecting both Dai's bravery and confidence in her own abilities. □

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## Panda Cousins: Biggest Threat

**A**s panda populations tend to live apart, the main threat to China's state-protected treasure, the giant panda, is species degeneration and ever weaker vitality due to inbreeding, according to a recent argument of Associate Professor Pan Wenshi of Beijing University. Pan is both a biologist and panda expert.

At present, around 240 pandas are living on the southern slopes of the Qinling Mountain range. Research says that only 92 individual pandas have the ability to reproduce. According to the population figures based on genetic theory, all the pandas living there for another 12 generations of about 80 years will become cousins. This means that the giant panda population has entered a blind alley of inbreeding.

How can the animal be relieved of this genetic pressure? Pan suggested retarding the speed of inbreeding by ex-

changing panda populations living in different localities. But this can be effected only after long years of study. The professor said that the most urgent tasks are the enforcement of a law prohibiting the capture and killing of the panda, and the strengthening of management in the panda reserves so as to create a harmonious living environment for both man and panda.

Pan said that in the panda-inhabited areas among the Qinling Mountain range, there are five "mountain islands" covered with dense vegetation. Four of the "islands" are linked by "corridors" while another stands in complete isolation. Pandas living in the latter area face the most serious danger. Contacts between "islands" should be guaranteed so that pandas can visit one another.

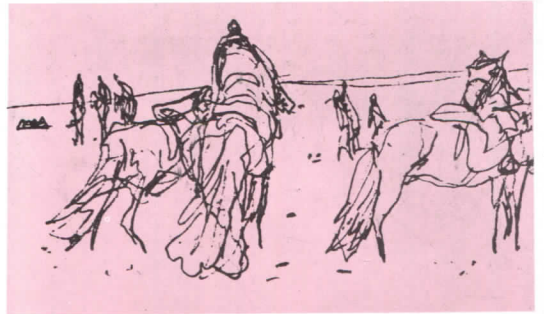
As to the long-supposed treat to the panda due to the dying of bamboo after flower-

ing, the biologist said that his on-the-spot survey told him that there are at least two kinds of bamboo growing in each of the panda-inhabited areas. Different kinds of bamboo have different flowering periods. Generally speaking, the intervals between flowering periods are around 50 years to as long as 100 years. Pandas who have lived on the earth for more than 2.4 million years have witnessed 20,000 to 40,000 flowering periods and survived. So there is no food crisis for the animal.

In fact, in autumn 1983 when large tracts of *lengjian* bamboo (*Sinarundinaria nitida*) in the Wolong Nature Reserve flowered 2,600 metres above sea level, those *huaji* bamboo bushes below that level didn't. Most of the pandas roamed down to where *huaji* bamboo grew and survived. This shows that the flowering of *lengjian* bamboo poses no threat to the animal. □



An Old Kazakh Woman.



Herdsmen and Horses.

## ART PAGE



Two Children.

Goats and Hounds.



## Sketches by Li Aiguo

Li Aiguo was born in 1958 in Shengyang, Liaoning Province. He now teaches in the art department of Beijing Teachers' College. He aptly studies Chinese figure paintings made with fine, delicate strokes. These reproductions are of sketches drawn in the Ili Kazakh Autonomous Prefecture in Xinjiang.



Exhibition of Produce  
Import-Export Trade  
Economic Co-operation  
**Nanjing 1989**

# CHINA JIANGSU TRADE FAIR

Scheduled for February 27-March 8, 1989

Jiangsu Province welcomes business and trade representatives from around the world, compatriots from Hong Kong, Macao and Taiwan, and overseas Chinese to attend the China Jiangsu Trade Fair for import-export negotiations and trade talks.

Venue: Xihuamen Hotel, Nanjing, China  
Exhibition Site: Jiangsu International Exhibition Centre

For further information, please contact the Jiangsu Provincial Foreign Economic Relations and Trade Commission Office.

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Businessmen from Hong Kong and Macao may contact the Zhongshan Co., Ltd. (Hong Kong).

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