

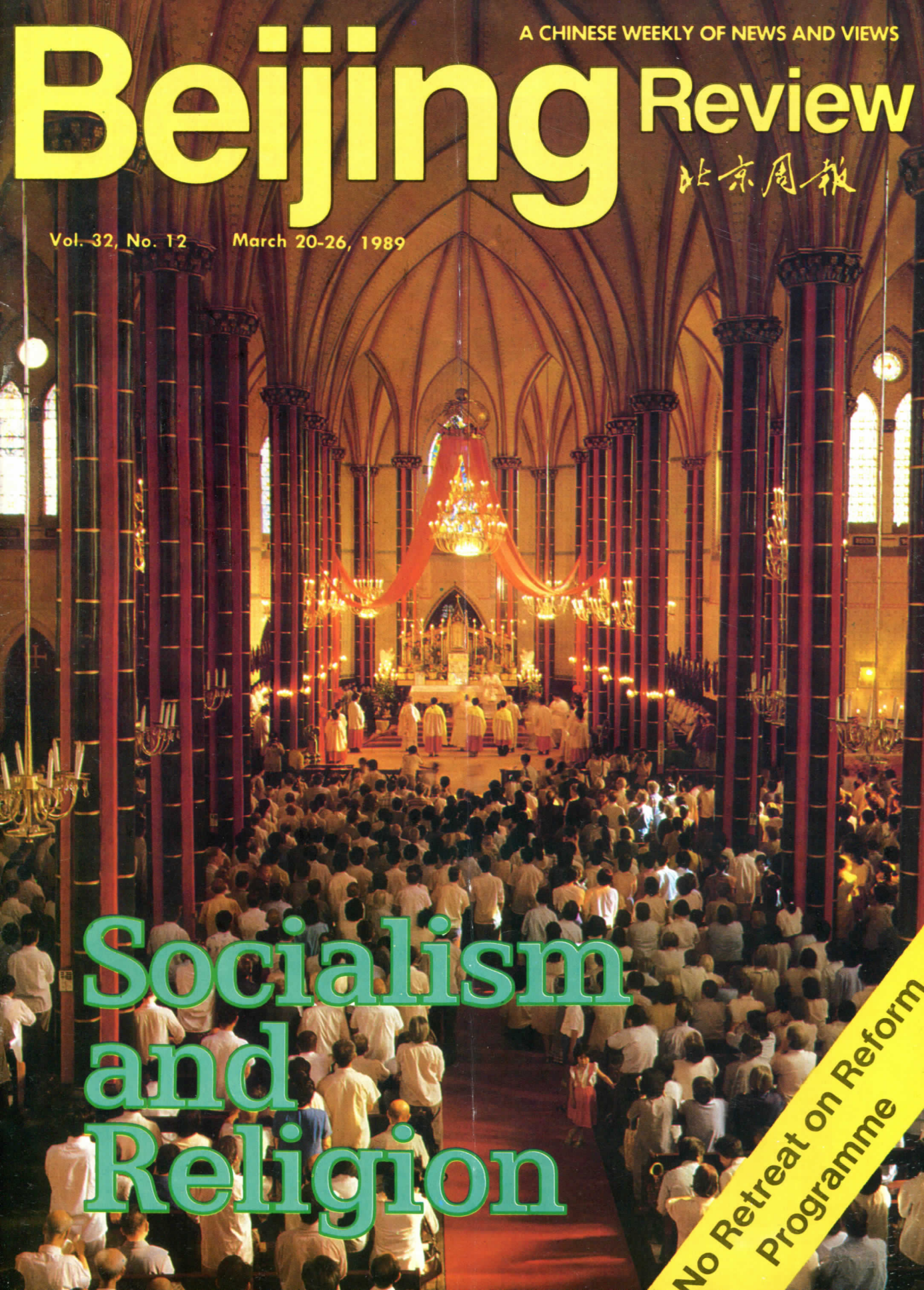
A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

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Socialism and Religion

No Retreat on Reform
Programme



The artists perform the Yi nationality song and dance "the Cheerful Song from the Nanshan Mountain."

Yi nationality actresses perform one of their native folk songs with the *Lusheng*—a reed-pipe wind instrument.

Photos by Zhou Zhongyao



Farmers Contracted to Perform in Remote Regions

Aimed at serving remote mountain areas, a new type of folk art troupe from Weishan County, Yunnan Province, has been contracted to perform traditional minority pieces. Composed and rehearsed by the artists themselves, their compositions are well received by minority people. Some 18 farmers are employed by the troupe and paid by the state. After their contract ends, they will return to rural areas to do farm work. Not long ago, twelve artists from the troupe were invited to perform in Japan.

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COVER: Catholics in China having Mass in Beijing's north cathedral at Xishiku.

Xu Xiangjun

Upsurge in Chinese Christianity

□ During the 1980s, Christianity has had a renaissance in China. Estimates put the figure of believers at around 4 million, and observers think it is still on the rise. Jiang Zhimin and Xu Zugen look at the underlying causes of this surge in belief, and examine its positive benefits and disruptive aspects (p. 19).

New Advances in Religious Studies

□ Can religion and socialism co-exist? Ding Guangxun and Wang Weifan from Nanjing's Jinling College of Theology examine recent theoretical work on religion in China (p. 14).

Is Deficit Financing the Remedy?

□ Some people have contended that China can stimulate growth through a deficit-financing policy. This, however, has resulted in inflation, which poses a serious threat to reforms. The conditions in both China and the West are examined here and the piece argues that such an approach just isn't suited for China (p. 22).

Human Deluge: A Headache in China

□ The influx of surplus labourers from the countryside to the prosperous open coastal cities after the Spring Festival has brought about a spate of social and economic problems. The State Council has recently issued an emergency circular urging various local governments to strictly control the blind flow of job-seekers across the country (p. 7).

Economic Rims Form New Economic Pattern

□ The three economic rims—Western Europe, North America and East Asia—are destined to have a profound impact on the world economic development and international political relations. (p. 11).

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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Testing Times for China's Reforms

by Jin Qi

On March 20, the Second Session of the Seventh National People's Congress opens in Beijing. Its task will be to review government work through 1988, in particular the policy of curtailing economic growth introduced in October. It will also examine and ratify the policies and measures adopted by the State Council to improve the economic environment, rectify the economic order and deepen reform through this year and 1990.

As China enters its second decade of reform, this session takes place at a time when China has doubled its gross national product two years ahead of schedule but is also having to endure conspicuous inflation. The public are pleased with the growth but worried about spiralling prices. Some people fear that inflation will force a retreat in reform. But a far greater number believe it will triumph over inflation and continue to advance as long as strenuous efforts are made in many fields. The first priority, therefore, is the adoption of correct policies and measures. It is hoped that the NPC during this session will display its proper role as a decision-maker, legislator and supervisor to give people the courage and confidence to overcome difficulties.

It is gratifying that the view that inflation is helpful which once influenced China's economic policy has now been silenced. Last September, the Third Plenary Session of the 13th Party Central Committee issued the call to make im-

proving the economic environment, curbing inflation and overhauling the chaotic economic order the nation's central tasks. Already initial progress has been realized in all these fields:

- In January and February, total industrial output value rose 8 percent, compared with the same period last year. Clearly China's overheated economy has begun to cool down and move towards a more appropriate growth rate. The production of raw materials in short supply, means of agricultural production and energy, however, still lags behind.

- Investment in fixed assets and group purchasing power should be cut by 20 percent this year. A good start has been made in this field, although the full target remains quite a long way off.

- With a tighter money supply, the availability of credit has been brought under control. With rises in interest rates and the introduction of guaranteed returns, deposits of personal savings in urban and rural banks have picked up.

- Through nationwide inspections of finances, taxes and prices, breaches of discipline involving 7.6 billion yuan have been detected and 5.6 billion yuan has already been handed over to the state treasury. More than 60,000 serious economic crimes have been dealt with, and the country's management and legal systems have been strengthened. A number of unqualified companies have been revoked or

merged, and the problem of Party and government officials engaging in trade has basically been solved.

- Price rises have begun to slow, easing the nerves of consumers' and enabling the market to remain basically stable.

All these, however, are just the first few steps. China has many miles to tread to reach its destination of improving and overhauling the economy. Why? Because China's inflation is not a superficial phenomenon arising from the oversupply of money. It is a comprehensive reflection of imbalance and chaos in the economic order. The chief problem is overall demand outstripping supply, accompanied by an irrational economic structure, weak industrial policies, and problems in pricing, salary and distribution. To curtail inflation, it is necessary to implement measures across many areas.

Since 1978, the government has adopted policies promoting economic flexibility, such as delegating power downwards, rights to retain profits, the opening of domestic and overseas markets, and encouraging the development of multiple economic forms. Reforms have generally been tested in rural areas and then transferred to cities. Ranging from commodity production to labour services, they have gradually enlivened the economy, removing its rigid, stagnant and oppressive features. These are all genuine achievements, but following them has come the problem of a lack of order, resulting in chaos.

By pondering Over the path we have travelled, ever more people have realized that the main reason for this chaos as China replaces its old system with a new one is the state's lack of efficient means of macro-control. Moreover, various localities and enterprises pay too much attention to furthering their own interests and fail to restrain themselves where necessary for the national good. China's reforms, however, aim at establishing a new economic system: one based on public ownership but which is simultaneously market-oriented. The goals are an independently managed, self-developing and self-restraining form of enterprise, an open, developed market mechanism of equal transactions, and a planned, policy-guided macro-economic regulation and control system. These three inter-related objects have been the target of reform from beginning to end.

The present efforts to overhaul the economy are aimed at gradually eliminating all obstacles that stand in the way of achieving these targets. They are also drastic but necessary measures to curb inflation. Because of this, success or failure in this rectification programme is a test of whether reform will continue or not.

To strengthen macro-regulation and control rapidly, China's central authorities are concentrating their power in such fields as finance, banking, taxation, capital construction and pricing.

This requires adopting more measures of administrative interference. But this will not lead to the restoration of the old system. As is commonly known, retrogression is no way out. Although the road of reform is tortuous, its direction and progress are irreversible: it cannot be stopped. □

Lhasa Goes Under Martial Law

Martial law has been declared in the Tibetan capital of Lhasa since midnight of March 7 in order to restore and maintain order to the riot-torn city.

Lhasa was calm with most local residents asleep when martial law went into effect, according to a Xinhua report.

Major General Zhang Shaosong, political commissar of the Tibet Military Region, who was in charge of carrying out martial law, told reporters that all troops assigned to martial law duties had taken up their positions as scheduled.

The State Council order, signed by Premier Li Peng, says the decision was made because some separatists have been causing disturbances in the city repeatedly over the past few days, severely disrupting social stability there.

The decision is aimed at protecting people and their property and maintaining social order.

A few hours after the Beijing declaration of martial law, the Tibet regional govern-

ment issued a series of orders to enforce the special measures in Lhasa.

The special measures ban meetings, demonstrations and strikes while martial law is in effect.

During this time anyone entering the urban areas must have authorization to pass through security checks.

Foreigners now staying in Lhasa must leave when instructed to do so, while other foreigners will require special permission before coming to the city.

The military and security forces have been given the power of detention and the right to "take necessary measures" to put down disturbances, said a Xinhua news report.

With order restored, most shops and offices were open for business one day after the special measures were declared, said Xinhua.

The atmosphere was in marked contrast to the previous three days when hundreds of rioters continued

Military police on duty in a Lhasa street.

Kang Song



to storm through Lhasa's streets and lanes in a spate of looting and beating.

Worshippers swarmed past the debris on Bargor Street--the centre of the violence--on their way to pray with monks and nuns in their temples.

Prices in the marketplace were slightly higher with increased demand after being closed for three days by the riots.

"If the riots continued, we would have suffered losses and would have had no money to stay on or to return home," said a rural Tibetan youth from Xigaze in the market. □



Peace returns to the streets of Lhasa after the declaration of martial law.

So Lang

Xinhua On 'Human Rights Issue'

Xinhua, China's official news agency has counterattacked. Fending off foreign press criticism of China's use of martial law in Lhasa since midnight of March 7, it has charged that those behind the riots were once responsible for a Tibet thoroughly lacking in human rights and justice.

Chinese authorities were forced to declare martial law, said Xinhua, in order to put down the riots while protecting both the rights of Tibetans and China's national unity.

Some people outside of China have twisted the truth and blamed the Tibet regional government for infringing on human rights in taking special measures, said the official commentary.

"In the past few days, masked rioters had done whatever they liked in Lhasa, looting and setting fire to shops, smashing and burning cars and bicycles, and beating up innocent people like shop assistants and passers-by," said Xinhua.

"If such activities are regarded as part of human rights and should be protected, then what is the place for law and social order?" queried the official rebuttal.

"We believe that a review of history may help people have a clear understanding of the situation in Tibet. Before the democratic reform began in 1959, Tibet was under a serf system which was the darkest and cruelest in modern world history.

"Under the rule of serfdom, Tibetan aristocrats, the lamaseries and the then local Tibetan government had the rights to kill serfs at will, and the ordinary Tibetan people had no personal freedom at all," Xinhua said.

Exiled separatist leaders have recently sent in agents under the guise of tourists to incite riots and smuggle weapons into the region, said reliable sources within the public security. This smuggling put guns into the hands of the rioters who fired as they pleased

during the past weeks, they said.

"Conclusive evidence is now available to show that the riot on February 10 and following riots beginning on March 5 in Lhasa were instigated by the Tibetan separatists outside China," said Xinhua.

Hong Kong's *South China Morning Post*, in a front page story last March 10 reported that the Lhasa riots were arranged ahead of time by separatist circles.

Xinhua noted that Lhasa's riots and human rights issues were being exploited by people who really wanted to separate Tibet from China's territory.

"It is known all over the world that in the last few decades some foreign forces and the Tibetan separatists have never abandoned their attempts to sever Tibet from China.

"Therefore, the Chinese government is now waging a struggle against the Tibetan separatists to safeguard China's national unity and stability of the city," the commentary concluded. □

A New Headache: Human Deluge

In mid-February, a passenger train from Zhengzhou in Henan Province to Urumchi in Xinjiang, could not start on time simply because the wheel springs of one car were overloaded, weighted down with people.

Earlier in March, a train travelling from Chongqing to Beijing carried 342 passengers in each car exceeding the maximum load limit by 200 percent!

Everyday, these panting and groaning trains carry hundreds of thousands of transients from one place to another. Most of the travellers are rushing to the prosperous open coastal cities in search of their fortunes and their rosy dreams.

In many Chinese cities, one can readily find the same scenes: the seething and jostling seas of people in the waiting rooms of the railway stations, who eventually squeeze their way onto already crowded trains with their luggage and bedding.

Then there are the vagrants who, jobless and homeless, seem always to be drawn to these stations to compound the problem.

According to provincial statistics, released after the Spring Festival (a number of days in a Chinese style New Year celebration) which fell on February 6 this year, a total of 2.5 million people has swarmed into Guangdong Province from Hunan, Hubei, Sichuan and Henan provinces and the Guangxi Zhuang Autonomous Region.

The local government of

Guangdong Province was forced to seek help both from the State Council and the neighbouring provinces to take measures to stem this "disaster" of human floods by taking their people back to their home.

Meanwhile, Nanjing in Jiangsu Province and the Haikou City in Hainan Province were also inundated by transients from other provinces. A report said that about 40,000 to 50,000 people are still stranded in Haikou City.

According to a survey made by the Ministry of Public Security from the 23 large cities nationwide with a population each of more than one million, the total daily average figure of the flowing population now in China has reached 10 million. The survey also said that about 50 million Chinese are on the move and that the figure is still climbing. The daily average number of such people in Shanghai has reached 1.83 million and Beijing's figure is 1.15 million.

Are these people crazy? What are they doing? Four farmers from Fuyang in Anhui Province told a newspaper reporter that after the Spring Festival, farmers are supposed to go into the urban areas to make money.

Others said they would do whatever jobs the urban people won't do. Over the past years, they have helped the city people by offering them services. Shoe-repair stands, knitting works, baby-sitting and street cleaning are but a few of the vital areas they labour in.

However, the number of job-seekers far outstripped the number of jobs available in the cities. Most of them went to the urban areas without any definite purpose and always are at a quite risk. This pheno-

menon has been described as "the blind flowing river of people."

Experts point out that the increasing influx of the rural surplus labourers into the cities is an inevitable result of China's current economic reforms and the development of the market economy. And a series of social problems have cropped up at the same time.

Statistics show that in 1984, China's countryside had 330 million farm labourers. Since the introduction of the household responsibility system and leasing out of land to individuals, 180 million have become redundant. Researchers at the China Rural Development Research Centre predict that China will have 240 to 260 million surplus labourers by the year 2000, most of them in the rural areas.

A report, based on investigation in eight provinces and 10 counties, warns that China's social and economic development will be seriously disrupted if the country fails to provide enough jobs for its 200 million surplus rural labourers.

Human deluge brought about chaos and disorder in society. Last year, about 50,000 criminals fleeing hither and thither were caught, that account for one per thousand of the nation's total flowing population. The police station at the Beijing Railway Station said that about 70 percent of the criminals and law-breakers discovered in the station area were outsiders of Beijing.

A recent emergency circular issued by the State Council urged all the local governments of various provinces, municipalities and autonomous regions as well as central government departments to strictly control the flow of such people and to persuade them to go back home soon. □

Home Buying: Pie in the Sky

Ever since the government adopted a policy to encourage private home ownership early last year, housing has been a hot topic of conversation for China's urban residents.

A Beijing based university lecturer said that he could buy a two-roomed condominium only if he were to pay 50 yuan monthly, out of his 97 yuan pay cheque, for the next hundred years. The average price for one square metre of a newly built apartment in the city goes for as high as 1,600-1,900 yuan.

In Shanghai, the largest city of the country with more than 10 million residents, prices have skyrocketed with home buyers having to pay as much as 2,300 yuan a square metre. On the three trade markets held last year in the city, as a result, only 6.9 percent of the 12,000 apartments on sale were transacted. Despite hundreds of thousands of Shanghai families affected by housing problems, two-thirds of the housing sales went to government organizations.

A *Chinese Youth News* analysis described housing purchase, for most wage earning families, as an unattainable star high up in the sky.

Zhang Yuanrei, director of the House Property Division of the Ministry of Construction, attributed the high price to four factors: The land price has doubled in the past few years all over the country; building material price index has shot up; infrastructures, such as roads, schools, groceries, clinics and kindergartens, which used to be at the expense

of the state, are now counted into the construction cost; and there is a variety of taxes. As these costs increase, the prices will go steadily up.

In Shanghai, the real construction fee makes up merely 28 percent of the final price. There are ten separate additional charges in an apartment's price, including the cost of the house to the neighbourhood committee, the police substation and the post office, according to *Renmin Ribao* (People's Daily).

In Xian, Shaanxi Province, 50 authorizations and 111 possessions of documents are required in the whole course of house buying, ranging from a requisition of land to the completion of an apartment. Most of the vendors of "services" have to be bribed with free dinners, the paper said.

Home buyers are not able to move in unless all those who manage each facility—water, gas, power, etc.—are paid off. The greatest bribes consist of complete flats, that go from the contractors to those in charge of approving the facilities. The paper said that all these expenses and taxes have eventually been apportioned into the housing price.

A survey shows that more than 2,700 real estate businesses have sprung up since the government adopted the housing reform. Profiteering in this business has loaded another burden onto purchasers' shoulders.

About 20 percent of China's urban families, over 6 million in all, face housing problems. They either live in crowded, inconvenient conditions, or have no shelters at all.

At a recent state construction conference, experts said that the state has to commercialize the housing system in order to generate funds to help

house the booming population. But the price crunch has kept most urban residents from buying homes. This has taken the steam out of the move towards private home ownership.

To overcome this market barrier, some of the experts have suggested that the state include home purchasing as a factor into the wage system. Although some believe that a low-interest home buyers' loan would be a good start, more people believe that home purchasing prices should be suited to the average urban families' income. □

Ties Stronger With Taiwan

There were explosions in Xiamen and Quemoy, two islands separated by the Taiwan strait, on the evening of February 9. But these were made by fireworks celebrating the arrival of the Chinese New Year and not, as in the past, by shells.

The joint celebration signified the improvement of relations between Taiwan and the Chinese mainland over the past year.

Ding Guangen, director of the Taiwan Affairs Office under the State Council, said, "Our three major tasks this year are still to strengthen the economic and trade ties between the mainland and Taiwan; continue to do our best in receiving our Taiwan compatriots who return to the mainland for visiting relatives, holidays or doing business; and promote cultural, scientific, academic and sports exchanges." The strengthening of economic and trade relations between Taiwan and the mainland must be stressed on

an equal and mutually beneficial basis, he added.

According to Sun Xiaoyu, a leading official from the Taiwan Affairs Office, nearly 450,000 people from Taiwan visited family members and relatives, came for holidays or arrived to do business on China's mainland last year. Meanwhile, 389 mainlanders went to Taiwan to attend funeral services for deceased relatives, Sun said.

Economic and trade ties were valued at US\$ 1.6 billion in 1987 and at US\$ 2.4 billion last year. In 1987, there were about 60 Taiwan businessmen who took part in the Chinese Export Commodity Autumn Fair, and the number increased to 1,920 at last year's autumn fair.

By the end of last December, hundreds of entrepreneurs from Taiwan had opened factories on the mainland. Taiwanese businessmen took out 109 patents and applied for 642 registered trademarks.

Most economic contacts are conducted through a "third party." Economists from Taiwan have stressed that indirect trade will bring little benefit to both sides and have called for direct trade between the mainland and Taiwan.

Sun said that post offices on the mainland received 1.48 million letters from Taiwan and sent two million to the island last year.

Four artistic troupes in Taiwan have come to give performances on the mainland, there have been seven art exhibitions by Taiwanese painters, and more than 100 Taiwan journalists have been allowed to cover reports on the mainland.

This year, in order to better the economic and trade ties between Taiwan and the mainland, Ding Guangen said, we

plan to do the following: draft suggestions for administrating the economic and trade exchanges; designate a place with better basic facilities in the present special economic regions as a place where Taiwan people can investment and trade, and for provide consultancy on economic and trade issues for Taiwan people.

Ding thought that the economic and trade exchange between Taiwan and the mainland was of mutual benefit. The mainland has markets, resources, scientific and technological forces, and labour, while Taiwan has funds, a commercial network and talented people who are good at management. The combination will profit both sides, he said.

In regard to the lack of proper trade and investment markets for the Taiwan businessmen, Ding said that a study was being made to establish an economic and trade consultant agency to solve the problem. He also expressed the hope that the Taiwan authority will establish a correspondent agency so that joint solutions may be worked out for business problems resulting from the increase in expanding economic and trade exchanges.

However, Ding pointed out, a thorough settlement of the problem depends on the Taiwan authority changing its policy of indirect trade into one of direct trade.

Ding noted that with more Taiwan people coming to the mainland, there have emerged a lot of specific problems and legal headaches such as marriage, inhabitation, property, investment, trade, finance, medicine, education and so forth. He said that his office will work out related rules and regulations. Pertinent laws are being studied, he added. □

Yangtze Project Study Approved

Despite sharp internal disagreements still existing, the final report of the feasibility study on China's Three Gorges Project on the Changjiang (Yangtze) River was approved in Beijing on March 7 by the leading group. The report was revised in some places and will be submitted to the State Council for examination and approval.

This report, which has 150,000 Chinese characters and nine chapters, was based on years of research work.

The Three Gorges Project is hoped to have a capacity of 17,680 megawatts of hydro power, which is 6.5 times the generating capacity of China's largest dam—Gezhouba, also on the river, with a capacity of 2,715 megawatts.

The cost of the project will be about 36.1 billion yuan based on the late 1986 value of the yuan, the report said. Of this, construction investment will be about 18.8 billion yuan, and 11 billion yuan and 6.3 billion yuan will go respectively for resettlement and for a power transmission project.

Although a preliminary report was approved by the State Council in 1984, differing opinions have forced construction to be put off. In 1986, the State Council decided to set up a "leading group" to organize experts and scholars to re-study the project.

The new report, which is much more comprehensive than the 1984 one, holds that technical problems, such as overcoming earthquake risks, erosion, mud, ecological problems and the population resettling, are technologically resolvable.

Differences over the dam chiefly centre around just when the construction should commence. A leading opponent, Zhou Peiyuan, one of the vice-chairpersons of the Chinese People's Political Consultative Conference (CPPCC) and others, believe that the nation's economy and environment will be threatened. They say that the scale of the investment totaling at least 36.11 billion yuan (about US\$9.73 billion), the diversion of state investment from other key areas, and the late date, at the turn of the century, when the project would become functional, are all negative factors.

Most attendants at the 10th meeting of the group suggested that the project be constructed as early as possible so that it will help China's economic development strategy. They argue that there is a great need for shipping and flood prevention, and that without the dam, there will be even more difficulties in carrying through China's national economic development plan.

The State Council will make a final decision after all opinions are submitted to it along with the report.

The 10th meeting of the leading group was attended by 200 delegates including the group members, specially invited advisers, members of the CPPCC and chiefs and advisers of special research groups.

Besides the domestic study, a Canadian consortium of five Canadian power companies issued a favourable independent report on the project. Commercial Minister Mr Maurice Hlabik at the Canadian Embassy denied that there would likely be a conflict of interest regarding the credibility of the CIDA (Canadian International Development Agency) financed report.

by Yao Jianguo

Weekly Chronicle

(March 5-11)

POLITICAL

March 9

□ US discriminatory travel restrictions imposed on Chinese employees in the United Nations (UN) are against the norms of international law, says a Chinese Foreign Ministry spokesman. They also violate the legal obligations undertaken by the US in accordance with the UN charter. China flatly rejects these unreasonable restrictions and calls on the UN to urge the US to abolish these discriminatory measures immediately, says the spokesman.

March 10

□ Leading party institutions are urged to refrain from interfering with the artistic and literary matters. A document entitled "Some Views of the Central Committee of the Chinese Communist Party on Further Promoting Literature and the Arts" also calls for the protection of writers and artists in support of their constitutional rights and privileges.

ECONOMIC

March 7

□ China's rural sector is getting a spring injection of several billion yuan. The state contracted grain and edible oil prices paid to farmers will be increased this April, says Commerce Minister Hu Ping. But the same old prices will be maintained for urban residents, he says.

March 8

□ The value of China's industrial output in February was 84.1 billion yuan, a 7.5 percent increase over the figure for the same period last year, accord-

ing to the State Statistics Bureau. Output increase dropped off from January's 8.2 percent rate. The value of industrial output in the first two months of this year totalled 181.8 billion yuan, 8 percent above the corresponding period last year.

CULTURAL

March 9

□ China's mainland is to present Taiwan with a gift of two baby giant pandas, says Ding Guangen, director of the Taiwan Affairs Office under the State Council. The pandas, which were bred by artificial insemination, are in Beijing Zoo preparing to take up residence in Taipei Zoo.

March 10

□ The Chinese scientific and technological blue book by the Scientific and Technological Documentation Publishing House covers the main points of technical policy approved by the State Council in 14 fields, including that of energy and communications.

SOCIAL

March 7

□ Wild Manchurian tigers, which once thrived in forests of Northeast China, may have already become extinct, says Qian Yanwen, a Chinese zoologist. An aerial survey in 1987 went without sighting any of the tigers. A survey in the 1970s uncovered only seven wild Manchurian tigers in China. Qian warns that there is a pressing need to protect wildlife and its environment.

March 8

□ More than 1,500 Chinese and foreign women gather at the Great Hall of the People in Beijing to mark International Women's Day. The gathering is organized by the All-China Women's Federation. □

An Analysis of the Three Economic Rims

Since the mid-1980s three mammoth regional economic rims have arisen. These three economic rims of Western Europe, North America and East Asia have gradually formed alongside a world economy that has increasingly moved towards economic integration. These three rims co-exist in mutual co-operation, reliance, and competition on a scale never before witnessed.

by Wang Juyi

The three economic rims consisting of the European Community, East Asia, and the North American markets have distinct spheres of emphasis.

The European Community (EC) is the rim with most member states and sharing the greatest degree of co-operation. As early as 1958, Western Europe began to ally its economy after the Treaty of Rome was put into effect. But preparations leading to the free flow of commodities, capital, and labour only began in 1985.

Currently the EC has already formed a unified tariff alliance for mutual protection of their common market.

In addition, the EC nations have formed common agricultural policies and the beginnings of a European monetary system.

By accelerating regional economic co-operation, the EC has both strengthened its economic power while improving its competitive position in international trade.

Since the beginning of the 1980s Western Europe has faced a standstill in industrial investment, high unemployment, which has been coupled with economic recession and a decline in technological growth.

If the EC's goal of a unified market is reached on a preliminary level by 1992, then its regionally comprehensive economic strength will place it in a more competitive position than that of the United States or Japan.

The road towards a unified EC market will certainly not be smooth, but this is the only way forward for Europe.

The North American economic rim is a bilateral "free trade region" with the United States at its center. In the 1980 presidential election, Ronald Reagan first played with the concept of a "common North American market" that would include Canada, Mexico, the Caribbean countries and the United States.

From the mid-1980s, Wall Street's superior position in international trade has declined while the regionalization of the world economy has accelerated. This trend has prompted concern in the United States over the maintenance of its international economic position. Increasingly it felt the necessity of enhancing its economic co-operation with its neighbours through tightening economic ties that had previously existed.

Relations have been strengthened the most with Canada.

The United States began joint free trade talks with the Canadians in June 1986. After negotiating for a year and a half, American President Ronald Reagan and Canadian Prime Minister Brian Mulroney formally signed a free trade agreement that came into force last January 1.

According to their agreement, US-Canadian tariffs would gradually be reduced between them in three stages until free trade for all commodities would become a reality in January 1998. The agreement means that restrictions on both labour and capital will vanish.

In addition, the United States and Mexico reached an outline agreement in November 1987. So far there has been no results since later talks on a free trade agreement have bogged when trying to bridge the wide economic gap that has existed between them.

The East Asian rim is an informal economic group of regional co-operation, with Japan at its axis. There is much talk about formalizing relations within this Asian and Pacific sphere, yet, so far no formal government agreement or concrete action has been taken in this direction.

The trend, even in this div-

erse region, is clearly towards liberating local economies so they can trade with their neighbours. Since 1985 countries in this rim have reduced their dependence on the American market by depending instead upon each other. The Japanese yen, more than anywhere else, has evidently taken on a greater function and status while the US dollar is on a decline.

Innovative patterns of mutual investment have been formed with the increase of direct Japanese regional investment. A new management relationship, with a region-wide horizontal division of labour, is displacing the top-to-bottom vertical management structure traditionally used in this region.

Some Japanese scholars believe that a formalized East Asian economic rim should be organized between Asia's ten major trading countries and regions that would include Japan, the Association of Southeast Asian Nations, China, and Asia's "four little dragons" (South Korea, Taiwan, Hong Kong and Singapore).

Others have advocated for the organization of some kind of economic co-operation as a counterpart of the EC and North America markets.

The actual conditions that exist in the Asian and Pacific region will strongly impede, in the remaining years of

this century, the formation of contract-like economic co-operation that is being practiced in Western Europe and North America.

These economic rims, while forming the three pillars of the world economy, inter-act in a vital competitive and co-operative manner. They are the world's most economically and technically advanced regions. Together, their gross GNP value and trade amount to three quarters of the total world volume.

The economic scales of the three rims vary, but each possesses its own advantages. The EC holds the world lead in foreign trade volume with a stable trade balance.

The North American rim, the birthplace of modern

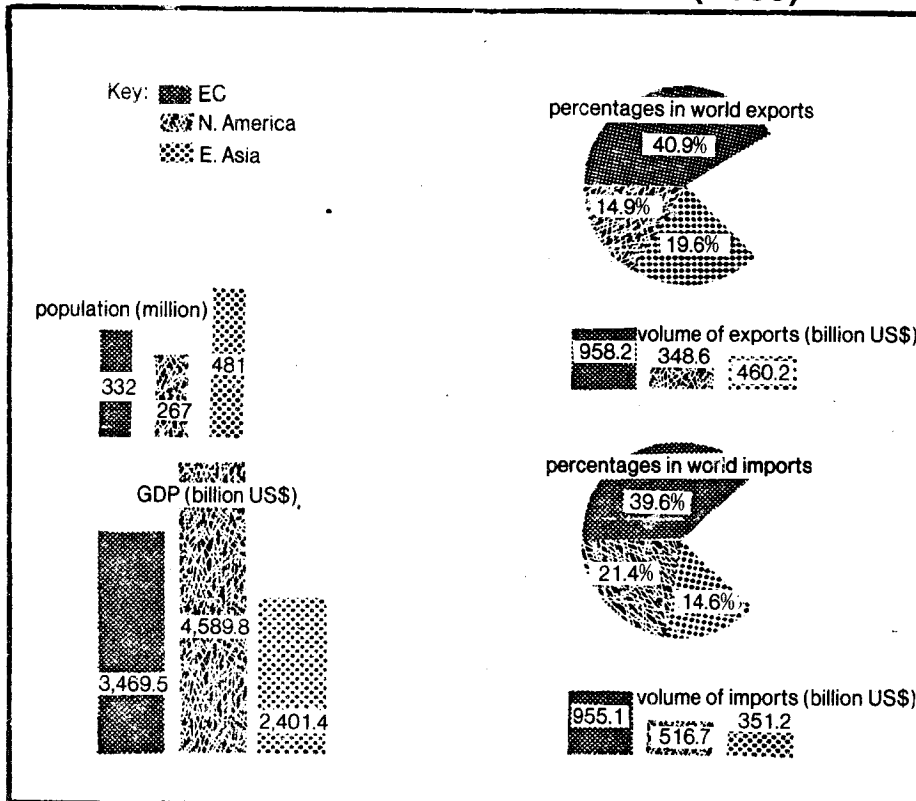
science and technology, is the largest in terms of productive scale. But the United States is puzzled by the tremendous trade deficit that repeatedly shows its difficulty competing on the international market.

Although the East Asian rim has the smallest scale of production, it has the same trade volume as the North American rim. It holds a large favourable trade balance which shows it to be a strongly competitive trade force.

With more than 30 percent of the world population, East Asia, including China, is looked upon as a titanic untapped market.

Economic circles believe that East Asia's economic strength will have an increasing impact and generally con-

The Three Economic Rims in Contrast(1986)



Note: Imports and exports figures are from 1987. "East Asia" refers to Japan, the "four little dragons" and the ASEAN nations.

sider the East Asian economic rim to be the most promising force in the world economy.

These three economic rims are interposed with tense trade disputes, struggles over monetary policies, and fierce competition.

But with time, mutual reliance and common interests have grown to the extent that one must now take the opponent's development and well-being as an indispensable condition for one's own progress.

This unification of regional interests has been a vital force over the past 19 years. From 1970 to 1987, combined trade volume increased 48 times between Asia's "four little dragons" and North America, 14.5 times between Japan and the EC, 12.5 times between East Asia and North America, and 6.1 times between North America and the EC.

An important factor is that the internal aspects of each rim greatly differ. The economic gap between the member states of the EC is relatively narrow while its diverse specialized labour force allows it to have a higher degree of self-reliance with a low level of dependence on outside markets.

The North American and East Asian situation greatly differs from the EC. Take the EC's export market for example. In 1987, 58 percent of the EC's exports were absorbed within the Community, while in North America and East Asia, the figures were only 38.9 percent and 43.6 percent respectively.

The three rims are useful apparatus in the promotion of world economic development and stability. Barriers hindering the free flow of trade will gradually break down with the resources being distributed more efficiently.

Competition will be stimulated among member nations in each rim while investment in fixed assets will increase and the pace of structural adjustment will accelerate.

The end result will be a more rational market-oriented production system, higher labour efficiency and lower costs. A further plus is that contradictions and disagreements among the regional countries will be eased and resolved as their economies co-operate.

A research report released last year by the EC's Executive Council stated that 2 million jobs will be created, corporate profits will rise by 1.8 percent, and average prices will drop by 6 percent after the establishment of a single market in 1992. Furthermore, the EC's gross domestic product will increase by 4.5 to 5 percent, and industrial production cost will decrease by 7 percent.

According to another estimate, by 1999, the free trade pact between the United States and Canada will enable the United States to raise its GNP by 1 percent and Canada by 5 percent. Employment in the two countries will increase by 500,000 and 850,000 jobs respectively.

Regional co-operation in East Asia will strengthen local economies while capital and technology will multiply alongside economic efficiency. Together, the three rims will lead the world in economic development.

More international idle capital will flow into the three rims, in particular the European market nations. It is estimated that investment absorbed by the three rims will account for more than 80 percent of total international credits.

The multilateral trade system will be further weakened and

international competition more acute and fierce. A major factor behind the regionalization of economies has been the inability of the General Agreement on Tariffs and Trade to uphold free and just principles of competition. International multilateral trade systems have become increasingly obsolete.

The emergence of the regionalized economies will inevitably bring with it some discriminatory protectionist practices and it is therefore likely that the present competition we see between the United States, Japan and West Germany will evolve into competition between these larger trade blocs.

Acute and severe as it may be, rivalry between the three rims will not get out of control, chiefly because they all share an even higher common interest and inter-dependence.

In the end the major beneficiary of this regionalization will be world peace. After this system is established, international political relations will have a more plural character. While the allies of the United States and the Soviet Union will become more independent, these superpowers will carry much less political clout.

A new economic pattern is likely to emerge in East Asia. Japan's trade and investments with its neighbours will expand, having the spin-off effect of upgrading the management structure with a horizontal division of labour in the region.

Economic exchanges within the Asian region will expand, bringing a new vitality to the area.

All this spells fierce competition for every nation within the Asian rim. But, that's the way the world economy progresses. □

Breakthroughs in Religious Research

by Ding Guangxun and Wang Weifan

China's social sciences have been one of the most active academic disciplines during the last decade. Many new ideas and views have emerged, displacing former ideologies and standpoints. Some of the most striking have been the theoretical breakthroughs made in religious research.

One typical example is the book *Religion in China During the Socialist Period*, edited by the well-known Chinese scholar, Luo Zhufeng, and published by the Shanghai Academy of Social Sciences. Based on first-hand data collected through comprehensive social investigations in the country's 13 provinces and municipalities by the academy's Religious Research Institute, this book is a thorough break with the traditional method of following established formulas in touching upon sensitive subjects. It has widely been regarded as an impressive combination of sociological theory and examinations of religious practices. It is likely to be of enormous significance and exert far-reaching influence on research into religion in China during the future.

Both Ding Guangxun and Wang Weifan work at Nanjing's Jinling College of Theology. Ding is the college's dean and Wang is an associate professor.

Elements and Layers

Although religions contain philosophical views and ideological features, they are more than pure philosophical or religious doctrines. Religious believers are theists who structure their conduct in accordance with their religious doctrines. This, however does not mean theists are mere philosophers (as defined in a narrow sense), much less mere fideists, as is often thought.

In his book, *On Religious Systems*, Chen Yaoting's principal theoretical tool is systems theory. He writes, "Employing systems theory to study religions, one comes to realize that all religions, of what-

ever nature, are social entities consisting of believers, organizations and doctrines. They form a part of the spiritual side of human society. They reflect not only the sufferings nature and society inflict on man, but also opposition and resistance to these sufferings and the pursuit and hopes of an ideal life.... Of the three constituent elements of a religion, the most important is the body of religious believers who play a key role in promoting the systematic development of their religion."

He adds, "Religious believers, as 'men' of flesh and blood, are closely connected with the nature and the politics and economics of the society they inhabit. This is because religions themselves are open to everyone.... Religious believers make up the most active part of a religious system simply because they represent the latest desire for social, material and cultural production. It is improper to see religious believers as 'eccentrics' who care nothing for everyday human life, or even as 'supermen' who care only for 'paradise' and have no interest in state affairs, politics and socio-economics. Historical recordings of religious believers as 'eccentrics' and 'supermen' are actually a distorted reflection of the various

Bishop Fu Tieshan blesses Chinese Catholics at an open air ceremony.
XU XIANGJUN





Bishop Zong Huaide oversees a church service in Jinan. CHEN ZONGLIE

problems of social life."

Therefore, a fundamental way to reach a correct understanding of religions is to see them as multi-element, multi-layer social entities which can be studied using systems theory rather than with mechanical materialism. One should not become too deeply embroiled in the explication of religious doctrines.

Religion as an Opiate?

Some people with a bare smattering of Marxism regard K. Marx's remark that religion was the opiate of the people as his own "creation," and that this epitomizes the Marxist view of religion. In fact, at least a dozen German philosophers, social theorists and men of letters prior to Marx had made similar remarks. Marx merely repeated their ideas. It is also worth noting that at that time opium was used as a

medicine to alleviate pain rather than as a narcotic drug.

It is true that people once used religion to poison both themselves and others. However, this was not religion's only historical role, and in many circumstances it was not even its major role. Religion has contributed to mobilizing and uniting people in revolutionary wars, as, for example, F. Engels confirmed in his book, *The Peasant War in Germany*. Here he states that, for the peasantry, religion was both a banner and a powerful tool.

In all documents on religious policy released by the Central Committee of the Communist Party of China in the past few years, none have mentioned religion as an opiate.

It is true that some documents have viewed religion as a means by which exploiting classes can anesthetize the people's mind, but this has only been in reference to events before liberation of China. In *Religion in China During the Socialist Period*, the author puts forward the following three points in the postscript:

1. "Opium" is principally a metaphor to allude to and illustrate the negative role religion performs under certain conditions in a class society.

2. Historically, changes in the role of religion accompanied changes in social conditions. Therefore, religion should not be indiscriminately viewed as an opiate.

3. During the socialist period, it is even more improper to liken religion to opium.

These three points represent a major breakthrough in China's religious research and bring to an end the years of debate on whether religion should be regarded as an opiate. There remain few people today, if any, who still treat religion as an opiate.

Taoist priests chant scriptures at Beijing's White Cloud Temple. CHEN ZONGLIE





Buddhist monks and nuns question Great Master Chun Guo at a study class in the Baoguo Temple, Sichuan Province.

LIU QIANGANG

Religious Ethics

It is widely believed that religion is something that guides people's behaviour. Evidence for this comes from grass-roots cadres who report that crimes are few in places where religious activity is strong. Clearly, religion can guide and restrain the actions of believers.

In his article, "On Religious Ethics During the Socialist Period," Yan Beiming writes, "Every religion has its own ethics. Moreover, its means and principles in strengthening cultivation and the dignity implicit in religious ethics are much more sophisticated than that in other, non-religious, groups. It is simply this binding role of religious ethics that has played a remarkable role in fashioning the behaviour of believers. This has been proved by an investigation of some minority-inhabited areas. Most religious believers, whatever sect they belong to, observe laws, behave well and are eager to help others."

"A comrade specializing in the study of juvenile delinquency once told me: 'Of all young hooligans so far arrested, few have been connected

with churches, monasteries or temples. This proves that the binding role of religious ethics exerts influence on the young as well as the old.'"

In his article, "Changes in Religious Ethics and Their Social Role During the Socialist Period," Luo Weihong points out: "Throughout history, many reactionary and exploiting classes used 'the will of God' as a means to force people to obey their rule, and religious ethics as a spiritual tool to maintain their rule. In this respect, religion played a negative role. Under socialism, this erroneous aspect of religious ethics still potentially exists. But, as it no longer depends on or gives moral support to a reactionary class, its reactionary role consequently vanishes.... At the same time, religious ethics still have the capacity to instill good behaviour into believers, and religious circles remain active in doing deeds beneficial for society.

"However, modern concepts of good conduct differ quite markedly from those that existed in class society.... Socialist ethics are a new element in the history of human ethics.

They are essentially different from any previous form. This does not mean that today's ethics are entirely distinct from and have no connection with former ethical beliefs. On the contrary, socialist ethics must critically inherit what is useful from historical ethics. They should, of course, be drawn from all human creeds.... and include the most common ethical codes acceptable to all classes. These ethics, though still low in terms of standards, constitute the most fundamental and indispensable ethics for maintaining normal social order. Therefore, elements of religious ethics which reflect the above-mentioned ethics are identical with socialist ethics and socialist civilization."

Religion and Socialism

According to the traditional socialist theory that has formed the foundations for research into religion in the socialist countries of the world since the October Revolution in 1917, religion and socialism are diametrically opposed. Generally, if Marxists have discussed possible ways of reconciling between religion and socialism they have been regarded as "right deviationists" who have departed from a correct theoretical position. Similarly, whenever religious believers talked of incorporating religion into socialism they have been looked upon as indulging in pure speculation, and possibly as people with ulterior motives of one form or another.

However, a close examination of the years since the founding of the People's Republic of China reveals that most leading members of religious groups have supported socialism. Likewise, most of their followers have contribut-

ed through their work to the construction of a socialist society. Indeed, as far as we know, the percentage of Christians who have been named in many places as advanced workers, advanced producers or model workers is higher than that of their non-believing colleagues. In fact, it is true to say that with changes in Chinese society, the country's various religions have advanced rapidly and adapted themselves to socialism.

Although the Communist Party of China advocates atheism, it recognizes the rational reasons for the existence of religions, and through the law opposes all acts aimed at eliminating or discriminating against religious believers. The Party only takes strong measures against those who use a religious cloak to embark on criminal or counter-revolutionary activities or who participate in superstitious behaviour that can harm the interests of the state or the lives and property of other people. As regards normal religious activities, the Party resolutely protects it.

Things described in the last two paragraphs constitute the base for co-ordinating socialism and religion in China. The first Communist Party theoretician to advocate this co-habitation was Hu Qiaomu. In October 1982, he presented a report suggesting that research should be conducted into the base of the existence and development of religion in China. How religion could best be

incorporated into socialist society and what roles it was most suited to perform.

This theme of reconciling religion with socialism was taken up in an article written in 1985 by Xiao Zhitian from the Shanghai Academy of Social Sciences. Titled "On the Question of Co-ordinating Religion and China's Socialist Society," it stated:

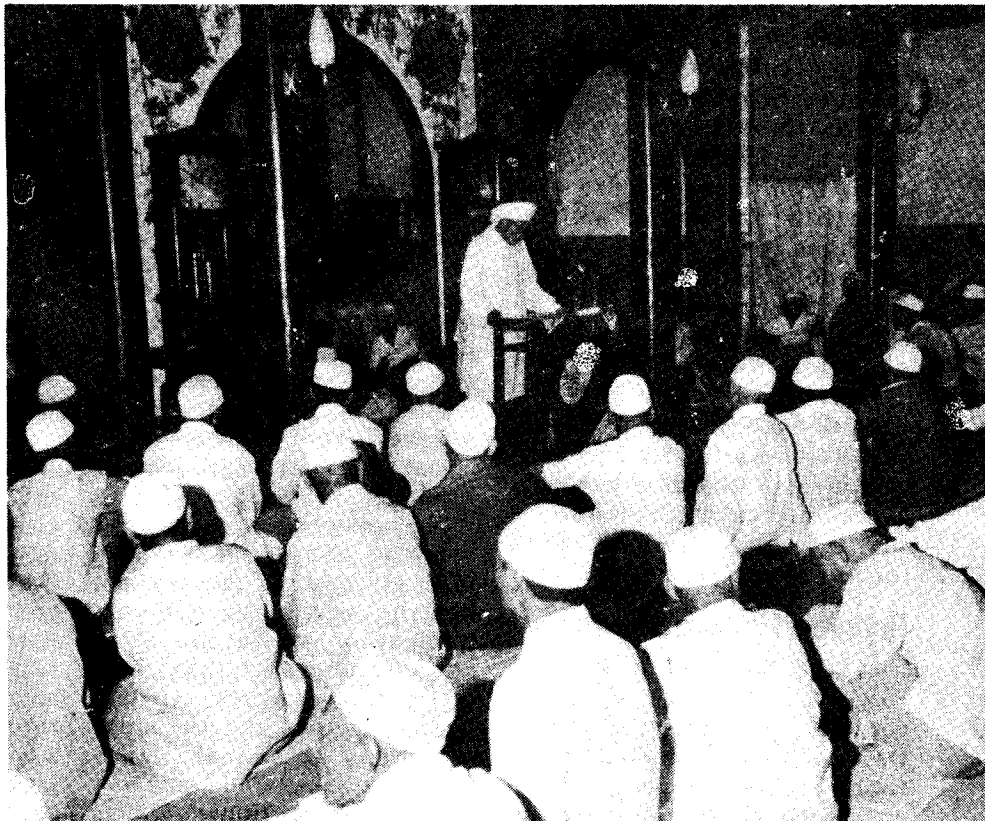
"Co-ordination should be based on patriotism and socialism with the Constitution as the guiding criterion; it should not be built upon a foundation of materialism or have as its aim the 'elimination' of religion. In a country with a population of 1 billion, there should be a diversity in ways of thinking. To carry out socialist construction on a scale unprecedented in history, ev-

erybody is required to play their part in the achievement of our gigantic goals.

"As it is utterly impossible to reach a unanimity of ideological belief, to launch a debate on the rights and wrongs of theism and atheism can only be harmful. Only if we adhere to the four cardinal principles (adherence to the socialist road, to the people's democratic dictatorship, to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought) and allow freedom of religious belief can all the positive factors in China be mobilized.

"As regards the participation of religious believers in socialist construction, on the one hand they do so because they have received ideological

Moslems at worship in a mosque in a Hui autonomous township on the outskirts of Beijing.
CHEN ZONGLIE



education on socialist policies from the Party, while on the other they can look for their own explanations in their religious doctrines. Although it is true that some religious believers have assumed passive and pessimistic attitudes or have detached themselves from reality, and this can sometimes be attributed to their religious belief, it is also true that other believers love their country, abide by the law and are enterprising in all they do. This can also be attributed to their faith."

It has to be noted, however, that although religion can be incorporated into socialism, the two are sometimes contradictory. As all phenomena that hinder the realization of China's socialist modernization programme must be eliminated, it is necessary that the country's religions rid themselves of all facets which do not accord with socialism. For people with no religious belief, this involves resolutely casting off all "left" traits, and providing everything possible for normal religious activities.

For China to develop the idea of incorporating religion into socialism instead of each eliminating the other has been a major breakthrough for research into religious issues during China's socialist era.

Religion, History & Culture

In the past discussions across China as to how socialism can critically inherit the country's historical and cultural traditions, some people have constantly regarded religion as



Tibetan lamas at a ceremony in Lhasa's Jokhan Monastery.

DAI JIMING

part of the "dross" that should be cast aside as useless. This outlook, however, reveals a rather meagre knowledge of history and culture. Speaking at the Third Session of the Sixth National Committee of the Chinese People's Political Consultative Conference in 1985, Zhao Fusan, deputy president of China's Academy of Social Sciences, underlined this point. He said:

"The historical development of literature, poetry, the fine arts, music, dance, sculpture and architecture, not to mention philosophy, ethics, social customs and national characteristics, have all been influenced to varying degrees by religion.

"If we were to accept the views of those who maintain that all culture created under the auspices of religious thought or sentiments is fit only to be rejected, then do we reject the treasures of Dunhuang grottoes and the stone sculptures at Datong, Longmen, Maijishan and Dazu?"

"Do we reject Dante's *Divine*

Comedy, Leonardo da Vinci's *The Last Supper*, Raphael's *Madonna*, Michelangelo's frescoes in the Sistine Chapel, John Milton's *Paradise Lost* and *Paradise Regained*, many of the works of Bach, Handel, Mozart and Beethoven, and all the philosophical thought of Medieval Europe? Of course not, this would be out and out foolishness."

Other leading figures in China have voiced similar thoughts. Zhao Puchu, president of the China Buddhist Association, said in a speech on the religious impact of Buddhism on Chinese culture:

"The problem of how to treat the relationship between religion and culture faces every nation at some point in the development of its culture. Buddhism has exerted a great and positive role in China: it has left us with a splendid cultural legacy. But will it play a role in promoting socialist culture? Cultural development is a continuous process: manifestations of traditional culture cannot be simply cast aside at

will. Because of this, our task is to assimilate the valuable essence of our past to help replenish and develop socialist culture. As Buddhism was one of the main strands of traditional Chinese culture, in formulating cultural strategies for today, we should conscientiously study what constitutes its essence."

Wang Meng, China's minister of culture, offered a theoretical overview of attitudes to religion in an article titled "The Nation's Modern and Traditional Culture":

"The phenomenon of religion does not exist in human

society as a straightforward world outlook: it is actually a cultural phenomenon which includes ethics, the arts, psychology, philosophy, science, social customs and a condensed essence of a nation's sentiment. As far as its global viewpoint is concerned, Marxist theory cannot sympathize or agree with religion. But as a cultural phenomenon, we should treat it scientifically."

Viewing religion as a constituent element of history and culture, regarding religious phenomena as cultural phenomena, and adopting its useful aspects that can play a part in

China's construction of a socialist culture are all, perhaps, major breakthroughs in religious research. To conclude, we quote the words of Gao Fang, a professor at the China People's University in Beijing. In an article titled "Does Religion Conform With Socialism," he states:

"We should not regard religion as an opposition force which a socialist society has to bear. We should not only look at religion's negative role, but should treat religion as a constituent element of history and culture, and try our best to let it perform positive tasks in socialist construction." □

The Surge in China's Christianity

by Jiang Zhimin and Xu Zugen

During the 1980s, Christianity in China has experienced a major rise in popularity. In 1980, for example, Muentang Church in Shanghai was filled with over 5,000 people every Sunday—as many as it could hold. Since then, another 22 churches have opened across the city, easing the pressure on the pews a bit, but not a lot: Muentang still holds three services each Sunday, and the seats are always packed.

When the upsurge started, most church-goers were elderly and illiterate. Over the last few years, however, the profile of congregations has changed markedly. According to the Shanghai Bureau of Religious Affairs, out of 20,000 new converts, a quarter are intellectuals and young people. Among them are professors, writers, doctors, engineers and college students. In Shenyang

City in northeast China, the municipal Communist Youth League Committee reports a similar trend: 26 percent of Christians are young people, and the total number of Christians has trebled to some 6,000 since 1980.

In Wenzhou City, Zhejiang Province, a new church capable of holding 1,000 people has recently appeared in the Longwan district. It was erected in just three months with funds (150,000 yuan) contributed by 3,000 local believers, many of whom helped build it. It is reported that across China about 1,000 new churches have recently been constructed.

A nationwide survey in 1982 put the number of China's Christians at more than 3 million—four times more than the early years of China's liberation. But by the end of 1987, the figure had risen by another million.

Observers have predicted that the surge in Christianity's popularity has yet to peak, and they expect it to spread from the southeastern coastal regions westwards to areas inhabited by ethnic minorities.

Psychological and Social Background

Why has Christianity had this recent surge in popularity in socialist China? Experts suggest many factors are involved: history, philosophy, psychology, sociology, and so on. Religious belief in China can be traced back to the remote past. For instance, more than 1,000 years ago Buddhism, Taoism, Islam and Catholicism all existed. And since the founding of the People's Republic in 1949, they have come under the protection of China's laws upholding freedom of religious belief.

Our investigations have re-

vealed that the children of Christian parents usually become Christians themselves. Interviews with some 20 young church-goers in Wenzhou produced the unanimous response that they believed in their mothers' wombs.

The reasons why people turn to religion are many: to seek help from God to be rid of an illness or overcome difficulties, to have sins forgiven, even out of loneliness. Perhaps the principal motive underlying these reasons is a search for emotional fulfilment.

As China now stands at the primary stage of socialism, many people are puzzled by the multitude of social problems facing the country. Some of these, finding the struggles of everyday life a little hard to cope with, turn to God in search of solace.

A number of intellectual converts blame the unhealthy practices in the Communist Party and the whole society. One young doctor in Wenzhou said, "The Party's work style and many social practices are in a mess. Abuse of power, bribery, cheating and prostitution are widespread. I'm tired of all this. It's a relief to step inside a church and sing 'holy, holy, holy.' Then I can hear heaven calling me."

Another reason for Christianity's popularity is that while rapidly expanding production has helped realize material aspirations, it does nothing to fill a spiritual void. Many educated young people have little to do in their spare time, and so turn to religious activity. A young Christian from Anhui said, "We've had no shows or cinemas in our township during the last one or two years. The cultural centre and the militia club have closed. The Youth League is no longer active. What else can

we do but join the religious people?"

In villages short of health facilities, people sometimes look to God for a cure to their illnesses. In a survey of Christians in Henan, Anhui and Zhejiang, we found that 70 percent believed God was almighty.

Another reason for Christianity's spread has been the work of religious groups based overseas. In the wake of China's open policy, they broadcast Chinese-language gospel programmes round the clock, and mail or smuggle Bibles, pamphlets, video and audio cassettes into the country in large numbers. It's not unknown for them to organize various underground activities.

Good Sides and Bad

Watching the rise of Christianity, many people have asked what impact it may have on socialist culture. Wenzhou, known as "China's Jerusalem" because it has the largest concentration of Christians in the country, offers some pointers.

There are now some 320,000 believers living in the city and its surrounding districts and counties. Like all other members of Chinese society, these people work and participate in the country's reform and construction programmes. Indeed, a great many of them play leading roles in the development of China's commodity economy. In 1984 and 1986, conferences were organized in Wenzhou at which religious believers from across the country exchanged experiences on their contributions to China's modernization drive. They also commended 232 people for outstanding work achievements, 207 of whom were Christians.

Our investigations have dis-

covered that Christians are particularly enthusiastic about performing acts of social service. For example, one group from the town of Liuwei in Anhui Province learned that the local authorities were planning to build a new road. They immediately arranged for 200 people to help with the project using their own tools and supplying their own food. Their stretch, 50 by 500 metres, was soon completed. They asked for nothing in return, and when offered 800 yuan, politely refused it.

Another elderly Christian from Pingdingshan City, Henan Province, has run a private school for deaf-mutes since she retired from her government post. She now has 14 pupils—none of whom pay a single penny—who she escorts to and from their homes each day.

These people believe they work for God. But at the same time, they are also working for China. And while they hold the Ten Commandments in awe and veneration, experts point out that religious ethics are just one form of social ethics. To honour your parents, avoid committing murder or adultery, not to steal or bear false witness may be the laws of Christianity, but they are also commands to avoid evil and abide by secular laws. With proper guidance, they are conducive to maintaining social order.

However, as we discovered in the course of our survey, there are other sides to the coin of Christian practices. Family assemblies sponsored by self-appointed preachers are on the increase. Among their activities are "river baptisms" and "exorcisms to cure disease," some of which have had fatal consequences:

In Shaanxian County, services to "drive out Satan" have



The choir of Beijing's Chongwenmen Church celebrate Christmas with carols.

LI MINGFANG

already caused 24 deaths and injuries to more than 30 people.

During the evening of May 4, 1987, Sun Yingpeng, a self-appointed preacher from Lixin County, Anhui Province, summoned 12 followers from a family group in the village of Litang. He told them, "Brothers and sisters, God has revealed to me that the Day of Judgement is near. The heavens will fall and floods and conflagration will be widespread across the earth. Jesus has promised to send a holy boat to take us to paradise."

The following day, he picked seven people from the 12, and together they went 10 kilometres to Cihuaixin River. There they prayed, sang and danced. When night fell, they joined hands and walked into the river. Only one of them was saved by local fishermen.

Such "collective ascensions" are by no means rare events, particularly in China's central south provinces. The largest

one recorded involved more than 400 people, who only had their lives saved through the intervention of the local government.

There are also reports of preachers using their position to seduce women. For example, You Shengji from Sixian County in Anhui Province seduced 16 women, 12 of whom were young girls.

Finally, there are the disruptive activities of a handful of reactionary Christians who collude with subversive foreign religious groups. For a time, the activities of the "Callers"—which included attacks on the Communist Party, socialism and the patriotic Christian movement—were quite widespread, even to the extent of inciting riots.

Attitudes

Close observers of the current surge in Chinese Christianity believe it should be handled circumspectly. They suggest its negative aspects

should not be exaggerated and no measures to "block" it should be adopted. However, they also warn of the dangers of a laissez-faire attitude. The correct attitudes and measures should be, first, ensuring people have the freedom to believe as they see fit. This freedom has two sides: a freedom to believe, and a freedom to disbelieve. The state must ensure that no organizations or individuals interfere in either of these freedoms.

And second, it is imperative for China to draft more legislation concerning religious activity, as at the moment there are many loopholes in the law. These must include regulations to check the activities of self-appointed preachers, punishments for those who break the law under the cloak of religious activity, and the powers to disband reactionary organizations colluding with overseas hostile religious forces.

(Abridged from *Outlook Weekly*, overseas edition, No. 5, 1989)

Deficit Financing Unsuitable for China

by Yu Xiaoping

The years since 1979, when China began its economic restructuring, have seen persisting deficits in the national economy, with the exception of 1985, when some special factors brought about a slight surplus. The deficits did not arise from incidental errors in implementing the budget but rather were built in. As a matter of fact, I think that China has pursued a deficit financing policy in recent years based on a theory advocated by some economic researchers.

In my opinion, the application of a deficit financing theory requires certain preconditions, which happen to be absent in China. The policy will not help China realize its goal of long-term, stable economic growth but rather will do the reverse. Judging from the present situation, the deficit financing and the subsequent inflation have become barriers to price reform and run counter to the line of establishing a new socialist commodity economy.

The deficit policy did play a positive role in promoting economic prosperity in some capitalist countries, but that was because John Keynes's analyses of the economic situation were in line with the actual conditions in developed capitalist countries, namely, a relative surplus of supply and shortage of effective demand.

In China, the situation is one of an inadequate supply and an over-heated demand. The

general demand consists of investment demand and consumption demand, and the latter depends on the public's purchasing power. Under the system of public ownership of the means of production, the ultimate aim of production is to satisfy to the maximum degree the increasing material and cultural needs of the people. Therefore, whenever possible, as the owner of all enterprises, the state takes into account the interests of the workers and the improvement of their living conditions. In recent years, the state has followed a policy that permits an enterprise to keep a large part of its profits and ownership to be separated from managing power, giving a large measure of autonomy to enterprise managers. However, the relationship of responsibility, rights and profits among the enterprise owner, manager and workers has not been defined clearly, and therefore cannot act as a checking mechanism of the enterprise's performance. The manager is supposed to ensure, among other things, the continual growth of his enterprise's assets, thereby providing more profits to the state. But in reality, the manager becomes a spokesman for the workers for wage rises and bigger bonuses. Some even distribute goods and allowances under various pretexts in violation of financial discipline. Others go so far as to borrow money to distribute as bonuses to their workers. They do so because otherwise they will only invite grumbling and opposition from the workers.

This mechanism of weak checking and strong incentive is the basis for the wide margin between fast improvement in workers' incomes and the slow rise in labour productivity, resulting in an over-inflation of consumption funds. Other factors include malpractices, such as overstaffing of government organs at various levels and extravagant feasting at state expense.

As to the demand for investment funds, there is no possibility of supply exceeding demand (investment demand falls short of social savings deposits). In capitalist countries, productive investments are made generally by capitalists. Their investments, on the one hand, are limited by the amount of their capital, and on the other hand, are influenced by the investment environment. They will not make investments unless they feel sure that the rate of profits will be higher than the interest rate on loans. Therefore, during a period of economic depression when products cannot be realized smoothly, a situation of inadequate investment will appear. But in China, private investment covers only a small proportion, while the state and state-owned enterprises are the main investment clients. Because of the influence of the wrong guiding ideology for many years in the past, leaders at all levels now are usually over-anxious for quick results and hope to accomplish more, but these strivings often push the scale of construction beyond the limits of feasibility. The problem of

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strong incentive and weak restrictive mechanisms also exists. As for state investments, policy-makers often think of the advantages they may bring, of the additional increase in output value and of how many employment opportunities they will provide, but think less about the actual economic benefits to be derived from the investments, because even if proper benefits cannot be achieved, they as policy-makers will not suffer any loss. So, their only restriction is whether they can make financial departments allocate more money.

Enterprise investment has the same characteristic. Enterprise investment, mainly from production development funds of an enterprise's remaining profits and bank loans, should be made use of cautiously. Nevertheless, because enterprises which utilize bank loans enjoy the preferential treatment of "repaying loans before paying taxes," they are allowed to repay their loans with additional profits and taxation from investment. Since in practice new and old profits and taxation are very difficult to separate, enterprises can repay their loans with profits and taxes produced by their original equipment. So an enterprise's investment policy is not restricted by the necessity of repaying loans. As far as the enterprises are concerned, as long as they can get loans, the more investment the better. The more investment they gain, the larger the scale of the enterprise is, the higher its output value and the larger its workforce and staff. The position of the enterprise will consequently be enhanced. Under such a mechanism, investment demand is restricted only by the accessibility of loans.

Only when banks want to re-

trench credits can the possibility arise of investment demand falling lower than the volume of savings deposits. On the contrary, the slightest failure to observe caution may result in an over-large scale of capital construction which exceeds the limits of the nation's capacity. Practice since the founding of the People's Republic of China has proved this.

The expansion of investment demand also further stimulates consumption demand, because a part of capital construction investment can transform into consumption funds through the channel of service charges, becoming purchasing power in the hands of the masses.

From the above-mentioned two aspects we can see that China does not have the conditions leading to over-brisk total supply and inadequate effective demand, but it frequently faces the situation in which total supply cannot meet total demand. In an economic environment where demand far exceeds supply, to promote expansive fiscal and monetary policies would certainly seem like adding fuel to the flames.

China's measures for handling and calculating financial deficits differ from those of Western countries. This may give some people a false impression that although some deficits have arisen in China in recent years, the number is small and is not to be surprised at. They consider that a financial deficit simply indicates that the government has borrowed temporarily idle social purchasing power, and that it will not lead to inflation. But in fact, the deficits announced by the Chinese government—that is, book deficits—are only a part of the real deficits.

They express only the balance between expenditure and income after putting debts into financial income.

If we say over-large deficits in Western countries will lead to inflation indirectly, China's measures to make up deficits will probably touch off inflation directly. In theory, if banks can tighten the money market, reduce the scale of loans and turn a part of the total purchasing power, represented by savings deposits, into financial control, this will not cause inflation. Yet this cannot be accomplished in China for the following reasons:

1. China's national economy is one in which demand exceeds supply and there is a considerable pressure of demand for various funds, and in which the current bank interest rate has become a negative one, lower than the inflation rate. These factors further restrain savings deposits and stimulate the initiative of enterprises to seek loans. In this situation, banks inevitably confront fund shortages and have no surplus funds to support finance.

2. Even if the central authorities mandatorily tightens money market, this will be resisted openly or in secret by enterprises. The latter may try to use their limited funds on items of expenditure which should be cut down while causing those items which should be completed to confront fund shortages. As a result, the items which should be retrenched cannot be retrenched (such as capital construction), but the items which should not be curtailed are curtailed (such as reasonable circulating capital).

3. Because the paternalistic relationship between the government and enterprises has

A Village By the Lhasa River (II)

Over the past three decades, the population of Xiangga Village has quadrupled: diseases have been brought under control and everyone qualifies for free medical care. Yet, because of age-old concepts and traditions, much work remains to be done in the sphere of public health. Without a revolution in ways of thinking, it looks unlikely that standards of hygiene can be raised further.

by Our Staff Reporters Zhang Wei and Yang Xiaobing

Walking along the main path of Xiangga Village, we trod on cow dung, ash, sawdust and sand. Curly-haired dogs and piglets wandered here and there among unused tractors and carts in the open spaces between houses. Occasionally we saw children with schoolbags slung across their shoulders or women with baskets on their backs. Their faces were all tanned a healthy purplish brown by the strong rays of the sun on the plateau. With Tibetan New Year drawing near, the fragrance of butter wafted

still not been severed, when enterprise capital is in short supply and enterprise operations meet difficulties, local governments at all levels will put pressure on the banks to provide loans, rendering any policy of retrenchment extremely difficult to persist in.

Since the banks themselves cannot effectively control the volume of credit, their reserves become overdrawn and they can only rely on issuing bank notes to solve the problem. Therefore, as things stand, financial deficits are sure to lead to inflation.

Unquestionably, the built-in budget deficits of recent years have laid a heavy financial burden on the future. In future years the economic structural reforms will continue to deepen while industrial and agricultural production will continue to increase steadily, and all of this will require strong financial support. However, the repayment of the principal and interest has be-

come one of the most demanding financial expenditures. In the past several years, income from loans has been greater than expenditure in repayment of the principal and interest. The peak of debt repayment will approach after 1990. It is predicted that the annual debt repayment will account for about 15 percent of the total financial expenditure—i.e. 15 percent of the annual financial expenditure cannot be on economic construction or on projects supporting the development of the various sectors. This will undoubtedly interfere with financial control over the national economy, weaken its function of macroscopic co-ordination and compound its difficulties in supporting all the reforms financially.

At present, inflation has become a major obstacle to deepening the reforms and has retarded the price reform. The successive financial deficits constitute one of the major

causes of the present inflation. Therefore, to improve the economic environment and reduce inflation, it is necessary to resolutely reduce financial deficits. Theoretically, it is imperative to give up the view that the financial deficit and inflation may promote economic growth, and instead, set up correct guiding ideology of "seeking truth from facts" and "acting according to strength."

To basically overcome the financial deficit and control inflation is extremely difficult, even painful. Yet unless this is done, the country will be forced to shoulder increasingly heavy burdens. To avoid a longer and more painful process in the future, it is better to decide on sacrificing some of the speed of economic growth for the time being and to strive to reach a more favourable turn in the national economy in as short a time as possible. This will enable the economic structural reform to proceed in a good macroscopic economic environment. □

from many homes where preparations were in full swing for the celebration.

The winter air was clear, yet still some flies buzzed around. A villager told us that in summer there were many more flies. They attack people in flocks. Every year through until autumn, many people fell victim to diarrhoea and enteritis. Perhaps this wasn't a surprising fact with the presence of so many disease carriers: flies, mosquitoes, groups of dogs and heaps of rubbish. But, for the past three decades, local people have been improving hygiene standards, while the government has been sending mobile medical groups with drugs and medicines and conducting regular checkups on children. All this has helped check disease.

More than 30 years ago, half the village population died when smallpox swept the locality. An aged villager told us that then the corpses were piled up on a nearby hill for celestial burial—to be chopped into small pieces and then eaten by birds of prey. The survivors of the disease are now all old, but their pitted faces still bear testimony to its ravages.

Grandma Zhuoga, 71, told us that 30 years ago the village had no doctor. When women went into labour, people left them to it and let nature take its course. She herself had given birth to 11 children, but six of them had died of disease or premature delivery.

"Whenever I knew I was pregnant, I was scared to death. I was afraid the child would not survive," the old woman told us with tears in her eyes. Looking despairingly towards the heavens and fondling a string of prayer beads, she continued, "I had no extra nutritious food during my con-

finements, and my children only had thin gruel to eat. They were so weak they often fell victim to disease." One of her babies caught pneumonia at four. Powerless, she could do nothing but watch the child die. "If it happened nowadays, we could give him penicillin," she sighed. Other women in the village fared no better: They also gave birth to many children, but many died. So they then gave birth to more.

"More children means happiness and honour. They are the signs of a flourishing family," the old woman added. In the village, most women over 50 have had more than four children.

However, Dawa, the third daughter-in-law of Grandma Zhuoga, insisted that two children were more than enough for her. Now an accountant aged 26, she gave birth to her first baby in 1984. In the 25 years since democratic reform in Tibet in 1959, living standards had greatly improved. When she was first pregnant, her mother-in-law bought her 200 eggs, along with beef, noodles, honey and other nutritious food. Since Tibet's peaceful liberation in the early 1950s, all Tibetans have enjoyed free medical care. No one pays for check-ups, in-patient treatment and drugs. A network of more than 2,000 hospitals and clinics takes care of all health work in the autonomous region. Xiangga Village falls under the jurisdiction of the



Dawa and her father.

ZHANG WEI

Lhasa People's Hospital. The day before her first baby was due, Dawa's husband sent her to the hospital on a tractor. The child, weighing 3.1 kilogrammes, was born in a bright, clean and quiet operating theatre. Her second child, born in 1988, was even bigger at 3.5 kilogrammes. When we interviewed her, she was breast feeding the baby. She told us that although the state does not practise the "one child family" policy in Tibet as in other parts of China, she does not want a third child. "It takes too much energy and time to bring up a child. I prefer to spend my hours helping my husband in his side-line occupation to bring in more money." She then mentioned another village woman who had given birth to six children "She's foolish. I'm not going to spend my whole life just bringing up children."

Dawa told us that every child in the village was issued a health card at birth. The local hospital sends doctors over regularly to give children physical check-ups and all sorts of preventive inoculations. With health care well

looked after, not a single child has died of disease in the last two decades. With this threat removed, the population of Xiangga Village has grown from around 80 in 1959 to 320 now.

All the young married women in the village have knowledge of contraception. Some take the pill, and some use other contraceptives, all of which the state provides free.

While we were chatting, Dawa's husband came in. Although not of imposing stature, he was clearly strong and capable. Two years younger than her, they got to know each other at school and fell in love when he often came over to work in the same team. Two years later, they told their parents about the affair and married. Most young people in the village choose their own spouses, and marriages arranged by parents are rare events. The young women usually choose honest, capable boys with regular features. No betrothal gifts are asked by the women's family and no marriage certificates are issued. Usually the union is announced with a wedding party.

"What's the use of that piece of paper if a couple really fall in love?" Dawa asked. She then set about answering the question herself. "Young people have started to get more serious about getting the certificate." This is not just because the government wants the couple to go through the procedure, but also because women are coming to realize that this "piece of paper" can protect them from being abused by their husbands. Principally, it requires agreement from the wife before the husband can get a divorce and find another woman. It also guarantees a father's duty to provide subsistence for his

children after a divorce. "With that piece of paper, woman won't be put at a disadvantage."

Dawa told us of one couple who went to the village government. The man wanted a divorce, but the woman didn't. Having learnt that the couple had no marriage certificate, the official said he was powerless to interfere as their marriage was not legally recognized. Ever since, more and more women have been to the village government with their husbands to get the certificate. "I'll go too some day soon," Dawa told us.

We saw bottles of shampoo, cold cream and perfume in Dawa's room. But she said she only used them during festivals or on visits to relatives. Like most of people in the countryside, Xiangga people seemed to pay little attention to their clothes and personal hygiene. Their collars were dirty and greasy stains often seen down the front of their jackets. Some people clearly never wash their faces. Yet they all looked healthy and nonetheless, Dawa has very good teeth: she brushes them every day.

We had lunch at Dawa's house. She used a new towel, wiping the bowls again and again before dipping them in boiling water and giving us some noodles. But her parents, in another room, still used their hands to put *zanba* (roasted *qingke* barley flour) into their mouths.

"Compared with urban people, our standards of hygiene are rather poor," she said. "But compared with our parents, they have risen markedly." Dawa's parents do not know what scented soap and tooth paste are. For years, they have worn tattered Tibetan robes. Yet for Dawa's genera-

tion, scented soap and tooth paste are common daily items. All the same, although Dawa has enough clothes for her to change every day, she continues to wear the same garments. "What's the point? No one bothers. We have to work, milk the cow, cook meals.... every day."

When we asked why no one took care of the rubbish piles, cow dung and the wandering dogs in the village, she smiled and queried, "Many places in Lhasa are like this, aren't they?"

Although advances have been realized in public hygiene in Xiangga Village, in many ways it remains a backward place. Without a clinic, for example, the villagers have to go to Lhasa for even the most minor of illnesses. But part of this backwardness can be attributed to ingrained habits: every household has a lavatory, and the public ones are spotless, yet many people don't bother to use them. Similarly, despite the presence of disease-carrying flies, mosquitoes and wandering dogs, the people adhere steadfastly to their centuries-old tradition that nothing living should be killed. Even when they find a flea or bedbug on their clothes, they do nothing more than brush it away.

The contradiction is clear: on the one hand the people use modern medicines, inoculations and the facilities of Lhasa hospital to help ward off or combat disease, but on the other they refuse to use pesticides, flykillers and other preventative means to eradicate its breeding grounds. It looks as if in Xiangga Village there will be no ultimate victory for the hygienic revolution without an initial change in some aspects of the villagers' way of thinking. □

New Tourist Items

The China Peace International Tourism Corp. (CPITC), under the Soong Ching Ling Foundation, will introduce some new tourist items to attract more tourists this year.

Its manager Ma Lianyu said the most interesting ones will be the panda-trek tour and Chinese traditional wedding tour.

How about being photographed, or dining with Chinese royalty? Or you can join a non-killing safari-trek through panda country.

Still not fulfilled? Then why not go through the rituals of a traditional Chinese wedding ceremony.

All these are just some of the adventures that mark a new phase offered by CPITC that have been sellouts.

On the Royal Tour, one walks through the courts where emperors used to reign. Often, the brother of China's last emperor, Pu Jie will honour tourists by dining with them with the pomp and splendour of the Qing Dynasty imperial tradition. Widow of China's last emperor Pu Yi, Li Shuxian will even pose with guests in a group picture.

Then there is the panda trek through the forests of scenic Sichuan Province's panda preserve. The adventure brings travellers a deeper understanding of the panda's environment and how this rare animal has harmonized itself with the local population.

Whoever is the first to spot any traces of a wild panda such as its footprints or droppings will be awarded, says Ma Lianyu.

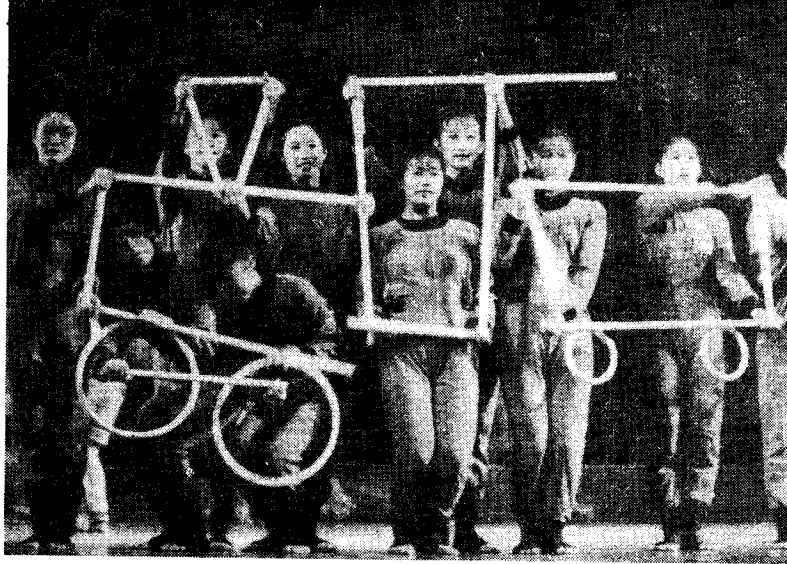
Those who want to go through an original wedding, or want to do it all over again, can choose from two types of traditional marriage ceremonies. There is the marriage held by a minority nationality in Guizhou Province. Then there is an old fashion Han marriage in the rural areas of Shandong Province.

All the local marriage customs and rituals are gone through according to CPITC, and one can take home the evidence on a video tape, since the whole thing is presented as a wedding present as souvenirs.

CPITC, founded in 1986, is the "Special Services" of the Chinese tourist industry which fills the niche for special tourist ideas and needs.

It has backed up foreign art troupes coming to China such as the U.S. country music troupe, the Australian quartet, the Japanese Gagaku (ancient court dance) Troupe and the Japanese Sado (tea ceremony) Group and so on.

Their services also cater for tourists' interests in *wushu* (martial arts), *qigong* (deep breathing health exercises), acupuncture and business surveys. Tourists not only can enjoy sightseeing throughout China, but also can have CPITC compliment their own interests and business.



The Japanese Hirata Dance Troupe on tour in China.

BAI KANGBING

To visiting businessmen CPITC has proved a blessing by helping them arrange appointments with state leaders, contacting factories they wish to visit, arranging discussions and negotiations, providing translators, secretaries, legal consultations and advertising.

by Han Baocheng

News in Brief

□ At present China has 1,300 hotels jointly funded with foreign countries, containing 200,000 guest rooms. In order to catch up step by step with the international standard in the fields of facilities, managements and services, China's travel hotels will make an all-round star-classification evaluation in the main travel cities. In the last two months of 1988, Beijing and Guangzhou had taken the lead in running the training class for star-classification in their hotels with the help from the World Tourism Organization.

□ In 1989, the State Travel and Tourism Administration will attend, nearly 20 times, sales exhibitions in the active travel hubs of main foreign countries and make arrangements with travel enterprises to promote the sales of products abroad. □

Liulichang: Cultural Street in Beijing

GONGREN RIBAO
(Workers' Daily)

Of Beijing's 4,550 or so streets, only Liulichang Street is celebrated for its cultural attractions and its long history.

A factory which manufactured special glazed tiles for imperial construction was established there early in the Ming Dynasty (1368-1644). Liulichang, the Chinese word for this factory, became the name of the street.

Early in the Qing Dynasty (1644-1911), Liulichang Street developed into a place frequented by refined scholars. At that time, most officials of the Han nationality lived outside the Xuanwumen Gate. Some guild halls were established nearby and officials, merchants and scholars waiting to take the imperial examination often met there. Eventually, the lantern fair, held once a year, was moved there. Factors like these made for the creation of a cultural atmosphere.

Since the publication of *Si Ku Quan Shu* during the reign of Emperor Qianlong between 1736 and 1795, editors and writers gathered at Liulichang to read books. This led to the setting up of stands one after another by collectors from other parts of the country. Moreover, trades connected with antiques, painting, calligraphy and cultural life in general developed rapidly.

In 1980, the Chinese government restored Liulichang, which had fallen into disrepair over the years. The street is now paved with bricks. The buildings, in their former historical style, are of classic beauty and elegant taste. Shop windows display paintings in

great variety. The calligraphy on sign-boards is simple and vigorous. Shops line for more than one kilometre offering a variety of delights: ancient books, inscriptions on ancient bronzes and stone tablets, ceramics, rubbings from stone carvings, paintings, calligraphy, the four treasures of the study (writing brush, ink stick, ink slab and paper), and handicraft articles. Now, with the expansion of tourism, this cultural street has become the focus of attention of scholars throughout the world.

Here, in Liulichang, is the China Bookstore, one of the biggest dealing in ancient and old books of its kind. It plays a special role in collecting Chinese ancient books, rubbings from stone inscriptions and books of rubbings, as well as various kinds of old books, newspapers and magazines, and sells printed ancient books, books on the study of ancient books, art of archaeological significance, picture albums and writing materials. To the west there is the famous Rongbaozhai, an old cultural shop set up in 1672. Its wood engravings and watercolour block prints are well known both in China and abroad, especially since liberation. The reproductions of art work made at Rongbaozhai are indistinguishable from the original. For instance, during his lifetime, Qi Baishi, the famous painter, could not distinguish between his own original paintings and the reproductions. In addition to wood engravings and watercolour block paintings, Rongbaozhai deals mainly in paintings and calligraphy by modern artists, sells high-grade writing brushes, ink sticks, ink slabs and

paper and on consignment mounts ancient or modern calligraphy and paintings by famous artists.

The Yidege, China's first factory making prepared Chinese ink, went into operation in 1865. Its products can be used for both writing and painting. The ink is bright, writes smoothly, dries easily, and does not fade or spread.

There are many old shops in Liulichang which for years have been dealing in ceramics, gold, silver and copper ware, white marble, tablets of the Tang Dynasty and calligraphy and paintings of the Song and Yuan. These famous shops mainly include Baoguzhai, Yunguzhai, Guanfuzhai and Yueyatang.

The Jiguzhai is an old shop which specializes in copying, dealing in and repairing Chinese cultural relics. Its reproductions of murals, various ancient painted pottery, tri-coloured glazed pottery of the Tang Dynasty and rubbings from ancient bronzes, as well as its reprints of ancient paintings are exactly like the originals and enjoy great prestige both at home and abroad.

Since reconstruction in 1980, great changes have also taken place in other old shops, including Guyizhai, which specializes in folk arts and crafts; Huaiyinshantang dealing with old ancient books; Shop of the Four Treasures of the Study; Wenshengzhai selling lanterns; Ruichengzhai dealing in various kinds of silk boxes; Yuehaixuan engaging in Chinese traditional musical instruments; Cuiwenge dealing in various materials and tools for making seals, red ink paste and seal boxes; and Zhenyunge and Hongyunge selling pearls, jewelry and jade.

(December 3, 1988)

Ten-Year Reform in Chinese Enterprises

QIYE GUANLI
(Enterprise Management)

To stimulate enterprise economy and invigorate the enterprises, a series of policies and measures have been adopted over the recent ten years to promote economic structural reform. The following are some of the main achievements:

- To a certain degree, Chinese enterprises have the power to make their own decisions on planning. State mandatory plans decreased: the varieties of industrial products managed directly by the state fell from around 120 to 60 and that of goods and materials of unified distribution dropped from 256 to 26; enterprises have more power over production arrangements and have a certain right to market their products.

- The leading system in running enterprises has been reformed. Owing to introduction of the system under which directors or managers assume full responsibility, more than 68 percent of the state-owned enterprises have eliminated confusion in production and have separated ownership from managerial authority.

- In distribution, enterprises have more power over decisions. Owing to implementation of the system of linking wages to economic results in many enterprises, the economic contract responsibility system is being perfected and responsibilities, powers and interests are knitted together closely.

- Enterprises have more power to allocate financial resources. With the increase in

the portion of the profits kept by the enterprises year after year, enterprises can make outside investment in the form of joint management, co-operation or compensatory trade with other companies.

- Experiments in diversified economy have been conducted. Since adoption of the economic responsibility system, various kinds of contracting between enterprises, enterprise-to-enterprise annexation, the responsibility system in managing property, leasing system and shareholding system, enterprises have begun to select qualified managers, directors and other personnel through competition and carry out optimized organization of labour.

- Technologies in enterprises have developed rapidly. Over the past ten years, Chinese enterprises have made full use of their accumulated funds and state loans to import advanced technology and engage in technological innovation. For example, the state-owned enterprises have completed about 297,000 technological innovations between 1981 and 1987 and acquired 213.1 billion yuan worth of equipment, making up around 34.7 percent of their fixed assets in 1980.

- Lateral economic ties show a new development. Over the past ten years a number of national, trans-regional and trans-departmental groups or associations of enterprises have been established. At present there are nearly 1,000 large enterprise groups in China.

- In order to improve the

quality of products, cut down on the consumption of raw materials, improve economic results and guarantee safety in production, Chinese enterprises have begun to put more stress on management and the improvement of enterprise quality.

- Running various kinds of training classes has brought to light a number of capable business-minded entrepreneurs.

- Laws on enterprise management, bankruptcy, contracting and leasing have been promulgated.

(No. 12, 1988)

Average Life Span In China

ZHONGGUO LAONIAN
(China's Elderly)

Before 1949, the average life span for Chinese people was only about 35 years, the lowest in the world at that time. Since the founding of the People's Republic of China, however, people's material life and medical service have shown great improvement and the death rate has been reduced by a large margin. As a result, the average life span has increased rapidly and has now reached 68.92 years.

According to statistics published by the State Statistical Bureau, the average life span of people in towns is higher than that of people in cities, that of people in cities is higher than that of people in the countryside. In 1981, for instance, the average life span for people in towns was 71.4 years, while it was 70.85 for urban residents and 67.17 for rural dwellers.

(Nov. 11, 1988)

Price War Hits Carpet Makers

Competition between manufacturers has undermined the export price of Chinese carpets. The problem has emerged with the rapid expansion in the number of organizations with export powers following reform of the country's foreign trade system.

According to Cai Shuming of the China Chamber of Commerce for Importers and Exporters of Foodstuffs, Native Produce and Animal By-Products, since rights to manage carpet export business were delegated to provincial level, the number of companies specialized in sending carpets overseas has more than doubled from 30 to 66.

Prices have held up for some types of carpets, such as ancient imitation ones made from silk and natural coloured wool, Cai said, but the lack of centralized government management had caused a serious drop in the prices of other kinds.

In order to gain a larger slice of the market or increase their foreign exchange earnings, some companies have cut their prices drastically, in some cases to nothing more than the costs of production.

As a result, despite rising costs for domestic wool and processing, China's blankets have been selling well.

Cai said repeated injunctions from the China Foodstuffs, Native Produce and Animal By-Products Corp. not to sell beneath a certain price had produced little effect.

Problems have recently been exacerbated by shortages of raw materials. Short supply of high-quality domestic wool from China's northwest has led to increased imports of lower-grade foreign wool. While exports still use Chinese wool, unless

output can be increased, the quality of carpets for sale overseas would fall within three to five years.

China now has nearly 400 carpets factories employing a total of 500,000 people. Last year, their overseas sales earned US\$350 million, making the country the world's third largest carpet exporter. The United States, which bought carpets worth US\$90 million, was China's biggest customer, followed by the Federal Republic of Germany and Japan.

Some 80 percent of China's carpet are handmade. The country's three leading brands are Fengchuan from Tianjin, which last year earned US\$70 million from exports, Seagull Guillemot from Shandong Province with US\$60 million, and Peacock from Hebei Province with US\$50 million.

by Yue Haitao

Build up in Overseas Work

Despite the depressed state of international construction, China signed contracts valued at US\$2 billion to supply labour for overseas projects last year, an official from the Ministry of Foreign Economic Relations and Trade reported recently. He said construction work involving US\$1.2 billion of the contracted volume was fulfilled and 100,000 labourers were sent overseas, 40,000 more than in 1987.

China first entered the international construction business in 1979. Its total contract value in the past ten years up to the end of last month stood at US\$10.3 billion and about

US\$5.89 billion of the contracted volume was completed. Today, 85 companies are involved in either contracting projects or supplying labour. Already more than 300,000 labourers have been sent abroad to projects in 118 countries and regions around the world.

The official said China's companies had been welcomed overseas because they fulfilled their contracts on schedule, and offered guaranteed work quality and cheap labour. With the accumulation of experience, the scope of construction has expanded. To start with, China concentrated on straightforward contracts such as residential housing, but more recently companies have started branching out into larger-scale and more complex projects such as power stations, harbours and chemical plants. And whereas initially China mainly supplied labourers, it now sends increasing numbers of technicians and managerial personnel.

Looking at the current state of the construction market, the official said fierce competition was forcing many companies to drop prices and cut profit margins. He added that Chinese companies were being placed at a disadvantage because of the government's current campaign to cut domestic construction and control production of steel products, cement and timber.

However, the official said, the international market still offered great potential. He cited the normalization of relations with the Soviet Union as an area rich in possibilities. Already China has sent 3,000 labourers across the border, with another 4,000 to follow soon. China also hopes to do business with Iran and Iraq in their post-war reconstruction programmes. But the majority of projects are likely to remain concentrated in Middle East, Hong Kong and Macao.

by Li Ping



Left: Stalls of the Beijing Foreign Economic Trade Fair '89. Right: Foreign visitors examine handicraft articles.
YUE HAITAO and SONG LIANFENG

Trade Fair Sells Well

Business deals valued at US\$110.6 million were reached during the ten days of the Beijing Foreign Economic Trade Fair '89, which closed on March 2.

Businessmen from Hong Kong and Macao were the biggest buyers at the fair, signing agreements worth US\$41.21 million, while representatives from the United States, Japan and Western Europe committed themselves to spending US\$46.61 million.

Electrical and mechanical products accounted for more than a quarter of the deals, with contracts valued at US\$29.09 million being signed. Garments were the next biggest, with agreements totalling US\$10.27 million. Knitted cotton products, handicrafts and light industrial goods also proved popular.

Some 795 of the foreign businessmen at the fair struck deals of one form or another — around 46 percent of all the

overseas representatives who turned up.

One buyer said the advantage of doing business with Beijing was the reliability of its companies. Although they may be inefficient and the lead time was often long, the contract fulfillment rate was high, he said.

Zhang Ming, director of the Beijing Foreign Economic Relations and Trade Commission and one of the fair's officials, estimated the contract fulfillment rate would not be lower than 70-80 percent.

by Yue Haitao

News in Brief

■ This September, Beijing's Nationalities Culture Palace will host a week-long "Tea and Chinese Culture" exhibition to promote sales of Chinese tea and tea sets.

Tea's role in Chinese culture and history will be the exhibition's central theme, and hundreds of Chinese tea sets and varieties of Chinese tea will be on display. Tea sellers and buyers from China and around the world will be invited.

In 1988, China exported 197,000 tons of tea, making it the world's third largest tea exporter. It was the world's largest exporter of green tea.

■ The China National Foreign Trade Transportation Corp. earned profits of 330 million yuan in 1988, making it one of China's most

profitable corporations.

The corporation has 50,000 employees and 56 branches. Among the most successful are:

China Business Marine Corp., which handled 100 million tons of freight in 1988. With almost 100 ocean-going cargo ships, it is China's second biggest shipping company after the China Ocean Shipping Company.

China Shipping Agency, which acted as an agent for 2,358 Chinese and foreign ships last year.

Sinotrans Airfreight Forwarding Co., which last year handled 44,000 tons of cargo and delivered 600,000 express business items.

China National Foreign Trade Transportation Corp., which owns 10,000 cargo containers and last year transported 183,109 container loads. □



China's best 10 athletes of 1988 are: from left, top: Xu Yanmei, Lou Yun, Gao Min, Chen Jing, Yang Wenyi.; bottom: Nie Weiping, Chen Longcan, Wei Qingguang, Li Meisu and Zhuang Yong. Xinhua news photo

China's 10 Best Athletes of 1988

Who are China's ten best athletes of 1988? Their selection was organized by the capital's 20 news organizations under the sponsorship of the Beijing Lisheng Sports Service Centre, and the results announced not long ago at the Beijing International Hotel. Xu Yanmei heads the list, and is followed by Lou Yun, Gao Min, Chen Jing, Yang Wenyi, Nie Weiping, Chen Longcan, Wei Qingguang, Li Meisu and Zhuang Yong.

Xu Yanmei, 17, won China's first Olympic gold medal in Seoul at the 24th Olympic Games by coming in first in the women's platform diving competition. She also took the gold medal in this event at the International Diving Invitational Tournament held in Canada in May 1988, and has been selected one of China's 10 best divers of 1988.

Lou Yun, 24, whose nickname is "king of the vaulting horse," won the Olympic men's vaulting horse competition in Seoul, adding to his golds taken at the 23rd Olympiad at Los Angeles and at the event of floor exercise at the 24th World Gymnastic Championships. This is the second time he has been chosen as one of China's ten best athletes.

Gao Min, 18, won gold medals one after another in the women's springboard diving at the 1986 World Championships, the 1987 World Cup and the 24th Seoul Olympic Games in 1988. In addition, she won gold medals seven times in this event at international diving competitions held in New Zealand, Australia, China, Canada and the United States. With these achievements, she was placed at the top of China's ten best divers of 1988.

Chen Jing, 20, won the Seoul Olympic women's table tennis singles title. At the 39th World Table Tennis Championships, she and other members won the Corbillon Cup in the women's team event. She came in second in the mixed doubles at an international tournament held in China in 1988.

Yang Wenyi, 17, keeper of the world 50-metre freestyle record, is the first Asian woman swimmer to break the world record. At the Seoul Games, she was the silver medal winner in the 50-metre freestyle event and came up from at the 4x100-metre freestyle relay. In 1988, she won four gold medals at the Third Asian Swimming Championships and up to now retains three Asian

Yi Culture: Latest Studies

The Yi nationality people invented and began to use its unique solar calendar as early as 6,000 to 7,000 years ago. This discovery was made by two Yi nationality scholars after a five-year investigation in more than ten counties in Yunnan, Sichuan and Guizhou provinces.

The Yi calendar divides one year into five seasons and ten months; a month is composed of 36 days. Thus, a year is made of 360 days, with five days leftover for festivals. This type of calendar is very accurate in measuring seasons and days.

The two scholars also discovered that the three-storey, pyramid-shaped ancient tombs common in areas where the Yi nationality reside are all located facing in a north-south direction. Looking southward from the tombs, one may watch the movements of the sun in order to define the seasons, and looking northward

one can study the move of the "handle" of the Big Dipper to predict the climate. So, these tombs actually functioned as an observatory in ancient times. This discovery, when published in a book in 1985, caused a sensation among those studying sociology and ethnology.

The two scholars are Liu Guanghan and Lu Yang, director and deputy-director of the Yi Nationality Culture Research Institute. Located in Chuxiong Prefecture and under the supervision of the Yunnan Academy of Social Sciences, this is the first minority culture research institute in the country. Founded in 1984, it has 16 staff members, most of whom are of Yi nationality. Under the leadership of Liu and Lu, the institute's researchers conduct actual field studies, combining investigation, textual research and the study of cultural relics.

In recent years, besides the books *New Exploration Into the Origin of Chinese Civilization* and *The Yi Nationality's Ten-Month Calendar in Chinese Civilization*, co-authored by Liu and Lu, the institute has also published more than ten books, including *On the Layers of Totems*, *On the Origin of Markets*, *Philosophy and Scientific Significance of the Tiger Astrology* and *The Place Names of the Yi Nationality and Chinese Toponymy*. The institute has published these academic works in a series, which consists of 30 books. Since 1984, the institute has put together and published an annual journal called *Yi Nationality Culture*, which is a compilation of the latest developments in the study of the Yi nationality. So far, six issues have been published covering the fields of history, culture, social development and so on.

In the institute there are also some local experts called Bi Mo. These are priests of the local religion. In the old days, only Bi Mos knew the Yi writ-

records. She has also been selected as one of China's ten best swimmers of 1988.

Nie Weiping, 36, chess player, has many fans throughout the country. Nie reached the final of the professional Ing's Cup competition and scored China's three victories in the annual Sino-Japan Go Chess challenge. He won China's Go Chess Saint title last year. This is the fourth time for him to be selected as one of China's ten best athletes.

Chen Longcan, 23, and **Wei Qingguang**, 26, winners of the 24th Seoul Olympic men's table tennis doubles title, rank seventh and eighth. They were also defending champions at the 39th World Table Tennis Championships, the Asian Table Tennis Championships and other championships. In addition, Chen Longcan was the champion in the men's singles at the 7th World Cup and a top player of the winning team at the 38th and 39th World Table Tennis Championships. In 1988, he won the gold medal in men's singles at the Asian Table Tennis Championships and won silver cups in men's singles at the World Table Tennis Cup and the Asian Table Tennis Cup, while Wei Qingguang won the championship in the men's singles at the Asian Table Tennis Cup competitions.

Li Meisu, 29, is a shotputter. She won the bronze at the 24th Seoul Olympic Games, the only medal winner in track-and-field for Asia at the Olympics. From 1984 to 1988, she broke Asian records in the women's shotput 20 times and indoor Asian records in this event eight times. This is the fourth time for her to be selected one of China's ten best track-and-field athletes.

Zhuang Yong, 16, is silver medal winner in the women's 100-metre freestyle in Seoul in addition to coming in fourth at the 4x100-metre freestyle relay competition. At present she still retains two Asian best scores. She was also selected as one of China's ten best swimmers of 1988. □

ten language, and they wrote an abundance of ceremonial and family records. These sacrificial books not only have preserved the records of religious practices, but also reflected other natural and historical phenomena. The institute has already collected more than 1,000 of these kinds of books, and some of the more-educated Bi Mos were asked to join in the translation work.

The institute has received 13 groups of visiting scholars from five different countries. In Japan, it has been traditionally believed that the origin of that nation has some relation with the Yi nationality in Yunnan Province. Baba Kimishi, chief priest of the Usa Shrine, has long devoted himself to research into the origin of the Shintoism in Japan. For many years he was troubled by several questions. Once he happened to read Liu's *Astronomical History of the Yi Nationality* and received some important clues to help him resolve these questions. Therefore, in 1987 he paid a special visit to the institute and saw a performance imitating a sacrificial ceremony of the Yi nationality. In one research paper, he concluded that the Yi nationality's worship of the Big Dipper was closely connected to a similar type of Japanese worship. He also discovered that the Shinto practice of "twig-sticking" is evolved from a similar religious practice of the Yi nationality in which the Yi people use twigs to mark changes of the constellation.

The Yi culture also bears a great resemblance to the culture of Mayan people in ancient Latin America. The solar calendar of the Mayan people has 18 months for a year, and one month contains 20 days. The five days leftover are used

as religious days. Like the Yi calendar, it is a pure solar calendar, that is to say, it is not influenced by the lunar months. Both the Mayan people and the Yi people adopted the tiger as their totem, and the design of Mayan three-storey pyramid-shaped platform for the sun god is surprisingly similar to the tombs of the Yi people. Also, their writing styles, from left to right and top to bottom, are the same.

The Yi nationality has a population of more than 5.4 million, mainly distributed in Yunnan, Sichuan, Guizhou provinces and Guangxi Zhuang Autonomous Region. Its language belongs to the Chinese-Tibetan language family. The Central Nationalities Institute—the only national centre of higher learning for minorities—and such institutes in some provinces and autonomous regions offer courses on the Yi nationality language. □

Asian Games: Ongoing Building

Construction projects for the 11th Asian Games to be held in 1990 are being carried on rapidly.

Up until the end of last year, there were 15 small and medium-sized stadiums and gymnasiums that had basically been finished. As for most of the unfinished projects, the planning phase is over. For example, the foundation for the stadium used in track and field meets located in the north suburb of Beijing has been laid; the steel framework for gymnasiums and swimming pools used in handball,

swimming and diving competitions is being hoisted; and the ground constructions at Haizi Reservoir in Beijing's Pinggu County, as well as in Qinhuangdao City, to be used for water and sea sports meets are nearing completion.

In addition, all but the interior modeling of seven hotels and apartments in the sportsmen's village have been finished. Other public facilities, such as the post and telecommunications centre, substations, roads, bridges and sewage treatment facilities are proceeding smoothly. The construction of CCTV's tower and the expansion of the Shoudu Airport are also proceeding as planned.

Gu Yaoju, deputy chief for the Asian Games construction, said the construction projects made decisive gains in 1988. Today, major efforts are being turned to completing the sports centre located in the north suburb of Beijing.

But he also said there were still 60 percent of the stadiums and gymnasiums to be completed and this year's situation would be more serious. While facing a shortage of funds and materials, the builders must finish a series of training centres, sportsmen's villages and a news centre as well as other auxiliary service projects. Also 60 percent of 1.28 million square metres of ground must be landscaped within this year in order to be ready for inspection and approval of the Asian Olympic Council in October this year.

If the two-year Asian Games construction is compared to a long-distance race, then this year the builders will be ready to make a final sprint.

The Beijing municipal government is taking various measures to support the Asian Games construction in regard to funds, materials and labour. □



Guest-Welcoming Pine of Huangshan Mountain.



The Waterfall.

Woodcuts by Wei Huabang

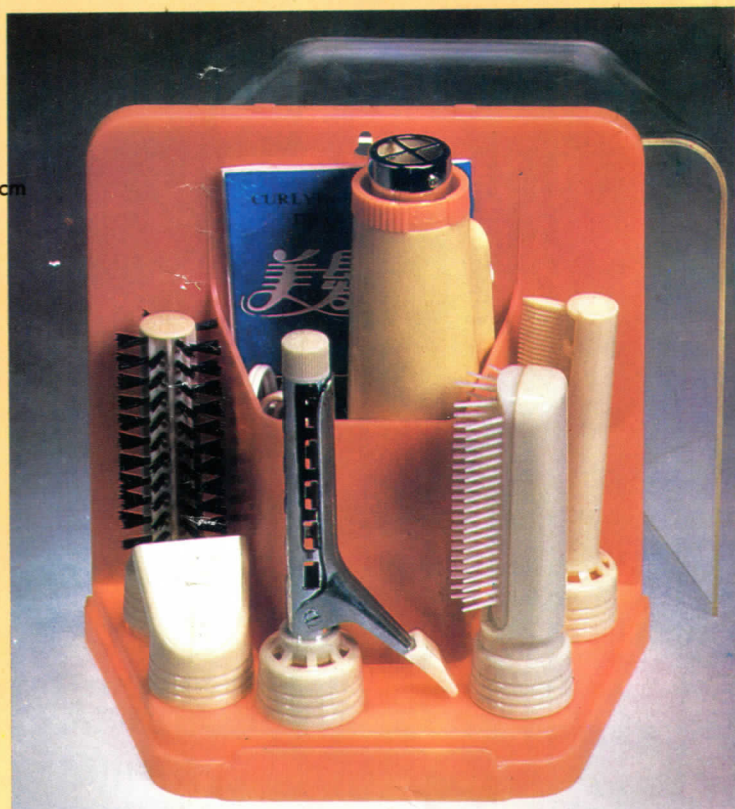
Wei Huabang was born in Qingdao, Shandong Province, in 1934. He now works in the Changzhou Municipal Art Association in Jiangsu Province. These woodcuts were made with skill similar to those used in his watercolour paintings. He represents the simple style and manner of Chinese ink wash paintings in his woodcuts.

ART PAGE

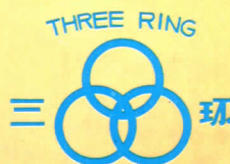
“Three Ring”

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