

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

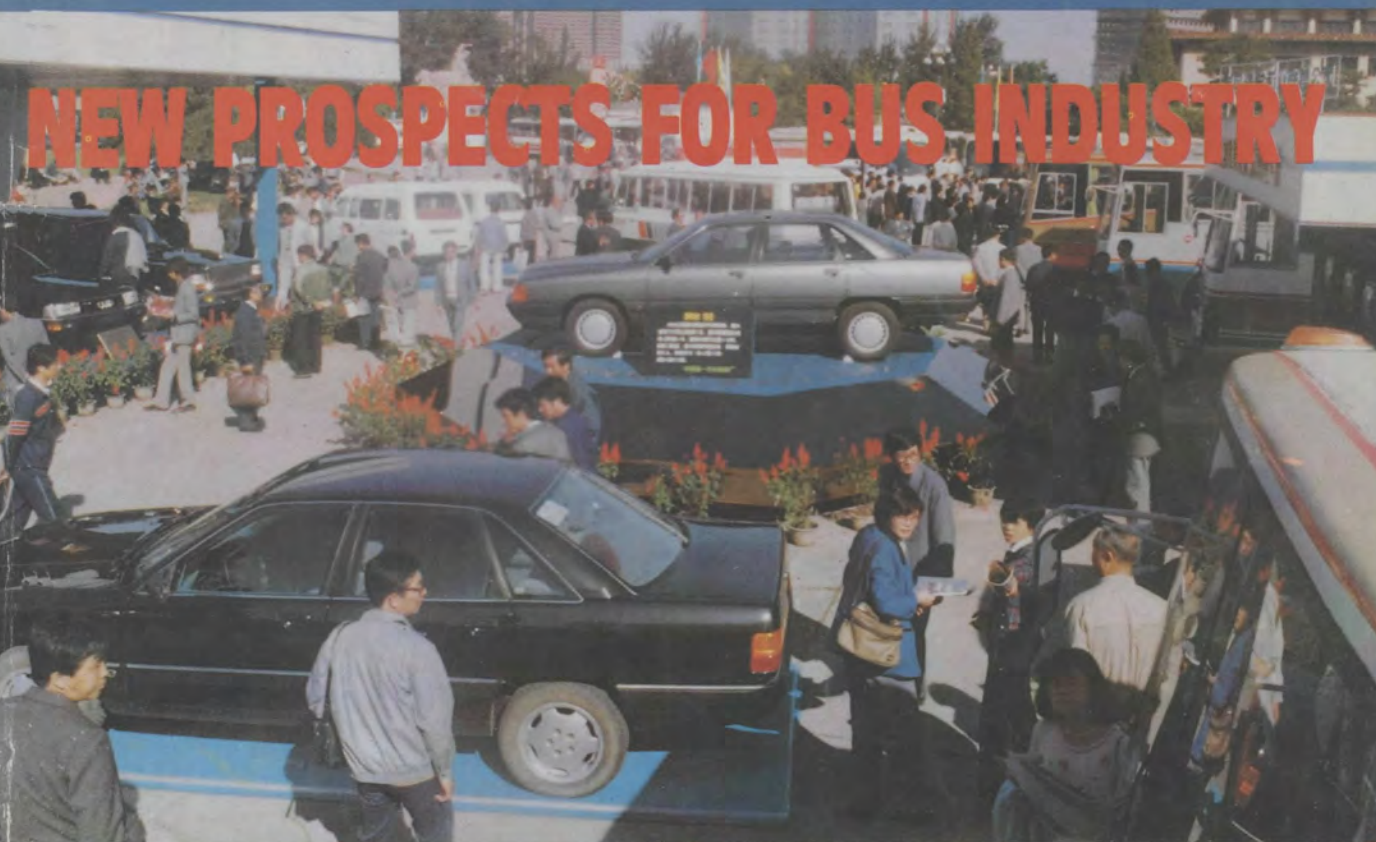
北京周報

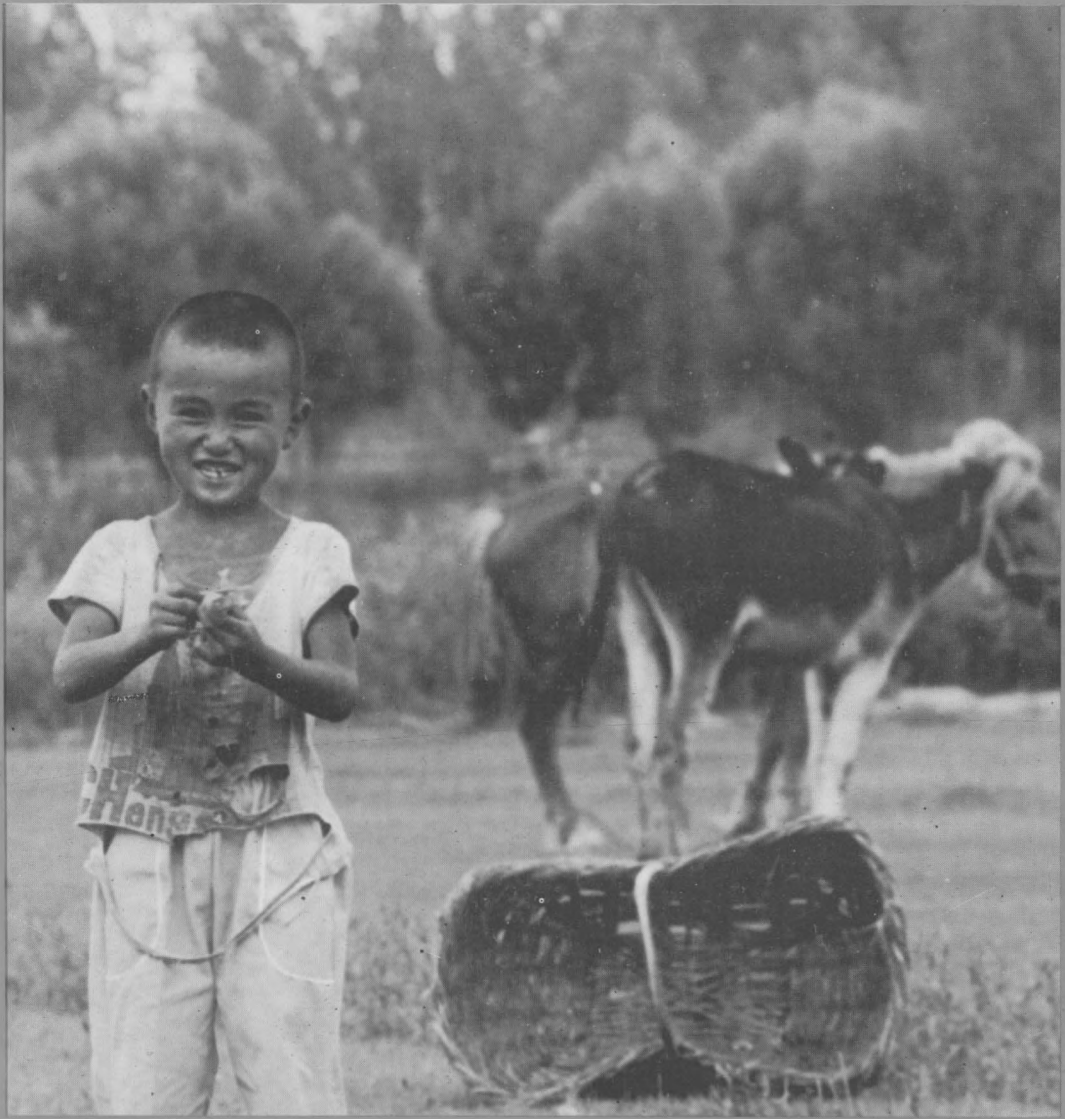
Vol. 32, No. 21

May 22-26, 1989

Reunification: Taiwan's New Tack

NEW PROSPECTS FOR BUS INDUSTRY





Happy Childhood.

Photo by Teng Kemin

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COVER: Stars of the National Car Exhibition held last October in Beijing were the Audi 200 limousines (above) newly produced by the Changchun No. 1 Motor Factory, the Cherad Sedan (left) from Tianjin and the locally made Beijing jeep (right).

photos by Bai Liansuo

Students on Hunger Strike

More than 1,000 hunger striking students have aroused the deep sympathy and serious concern from many sections of people in Beijing. Dialogues between Party leaders and student representatives have failed to stop the students from fasting (p. 5).

The Crying Need for Press Reform

□ The recent outburst of discontent among Chinese journalists is expected to hasten the pace of press reform. Party leaders in charge of information and publicity work have already held several dialogues with journalists. Once successfully realized, press reform is likely to be the first breakthrough in the reform of China's entire political structure (p. 4).

Taipei's Tactic: "One Country, Two Governments"

□ The new formula of "one country, two governments" proposed by the Taiwan authorities is aimed at creating two rival regimes—actually "two Chinas"—under the name of "one China," says a noted scholar of Taiwan studies (p. 19).

Getting Into Gear

□ Up until the early 1980s, China's car industry was virtually non-existent. But faced with the recent flood of imports and the growing wealth of the Chinese consumer, production has picked up in the last few years. The country's major automobile manufacturers now have plans to become volume producers by the end of the century, with plants in Changchun, Wuhan and Shanghai leading the way (p. 16).

A Probe Into Urbanization in Rural Areas

□ China's urbanization is still at a low level. In the rural areas, efforts are being made mainly to develop small towns to accommodate local surplus labour. This road to rural urbanization is not ideal, given its high cost and serious side-effects. Rather, the authors suggest, China should develop medium-sized cities and towns to speed up the process of urbanization (p. 22).

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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The Crying Need for Press Reform

by Wang Xingwu

The appearance of a few hundred journalists demanding a democratic and free press at Beijing's May 4 student demonstration, and the subsequent petition signed by more than 1,000 media workers demanding a dialogue with the Chinese authorities, indicate a widespread discontent with the current conditions under which the press operates.

As a matter of fact, a nationwide effort has been made since the late 1970s to reform the Chinese press. One of the major goals has been to change the poor image the media inherited from the chaotic years of the "cultural revolution," when many people regarded all coverage as "hollow, preachy and deceitful."

As a result, there has been much improvement in many fields. For example, truthful and balanced reporting is now stressed and promoted; the coverage of disasters as well as corruption and other social evils no longer remains taboo. Newspapers and magazines have become increasingly informative, with up-to-date and briefer reports. They also cover a much wider field and make far more interesting reading.

However, there is no denying that problems still abound. First of all, most journalists probably agree that a more reasonable system of leadership has to be worked out. In socialist China, Party leadership over the press is of course necessary, but few journalists are happy with the present system and methods of leadership.

In my personal opinion, Party leadership should concentrate on overall orientation, selecting and training cadres, and directing theoretical research. It must also ensure that the press operates within the framework of the Constitution and the law. (In the cases of Party newspapers, the Party constitution serves as an additional yardstick.)

On the other hand, it should refrain from using administrative methods to interfere with the work of journalists. Even more importantly, it should not succumb to the temptation of expediency at the expense of the basic laws of journalism, such as truthful, objective and fair reporting. Otherwise, it

will not be the credibility of the press alone that suffers.

It is a hope shared by all Chinese journalists that the forthcoming press legislation will pave the way for solving these problems and ensure a democratic socialist press. The crucial issue is how to protect press freedom, while simultaneously preventing its abuse.

Another problem with the Chinese press is the

lack of emphasis on the need for two-way communication—from the top downwards to the grassroots, and vice versa. Undoubtedly, the propagation of Party and government policies and views and the dissemination of socialist education among the people remains one of the major functions of the Chinese media. But it is equally and sometimes even more important for them to voice the people's opinions and desires. This is especially true in times when the Party and government are committing mistakes or stupidities.

In a word, a socialist mass media should be an effective weapon

with which the people can fight bureaucracy, corruption and other malpractices, as well as helping correct policy errors.

In the last few years, the supervisory role of the mass media has repeatedly been stressed by Party and government leaders. This, in turn, calls for greater openness—or transparency according to current Chinese terminology—in our press. The openness in the press is linked with the openness of political life itself.

Some ten days ago, in a meeting with foreign guests, Party General Secretary Zhao Ziyang spoke about the need for political reform. Without political reform, he said, it would be hard to overcome the difficulties China has encountered in economic reform. This is an encouraging statement which accords with the aspirations of the common people.

As we go to print, Party and government leaders have already held several dialogues with journalists and students. Although people differ in their appraisal of these latest events, there are many indications that political reform will regain momentum. Press reform, once successfully realized, is likely to be the first breakthrough in the reform of China's entire political structure. □

The outburst of discontent among Chinese journalists is expected to hasten the pace of press reform which, when fully realized, is likely to be the first breakthrough in the reform of China's entire political structure.



Intellectuals, including teachers and journalist, joined the students' rally May 15.

Students on Hunger Strike

More than 50 doctors stood waiting. In their white gowns and caps they looked ghostly out of place in the middle of Tiananmen Square. The square and the area around it were filled with hundreds of thousands of supporters and on-lookers. Each time the sirens and flashing light of the ambulance signalled another student being taken away, it shook the huge crowd, and drew home once again the importance of the event.

Over a thousand students from every major university in the city had fasted almost 50 hours in one of the world's largest hunger strikes since the day's of Gandhi.

That hunger strike, started on the afternoon of May 13 to protest what the students claim to be the Chinese authorities' slow approach to dialogues and their earlier reprobations of the movement.

Talks went into recess May 14 after students found that their basic demands were not met. They wanted authorities to give live broadcasts of the dialogue and also to drop their charges that the student's earlier acts during the mourning for the late Party leader Hu Yaobang were turbulent.

The latest development is that the striking students were joined by their professors, and many other intellectuals such as scientists and journalists May 15.

In another dialogue with student representatives May 15 afternoon, Yan Mingfu, member of the secretariat of the CPC Central Committee, reiterated his understanding of the patriotic feelings of the students and their desire to push democracy.

Yan said that the mainstream of the recent student movement was positive and he appealed to the students to resort to reason.

Once more his words proved

futile in stopping the hunger strike.

Meanwhile, if there were any heroes, they might have been the 12 academics who worked between students and the state in an attempt to get concessions from both sides.

Among the academics were Yan Jiaqi, a political scientist, Liu Zaifu, a literary critic, Su Xiaokang, a writer and Li Zehou, a scholar on aesthetics.

The intellectuals asked the students to withdraw from Tiananmen. They said they sympathized with the students and would even join the student march if their three requirements on the state were not met.

The Central Committee, said the academics, should declare the students' movement both patriotic and democratic, and that no later reprisals should be taken against the strikers.

They also called for official recognition of any democratically elected students' organization.

They further insisted that no violence should be taken to suppress student demonstrations.

More than 50 students in the

mammoth hunger strike have been rushed to hospital up until noon May 15, after fainting in a crowd of more than 1,000 fasting students.

The government has avoided confronting the students during Soviet leader Mikhail Gorbachev's first day in Beijing on May 15. While foreign leaders are usually given a formal welcome at Tiananmen, with the students in the square, the Soviet leader's ceremony was held at Beijing's Shoudu Airport instead.

SLOGANS ON THE SQUARE:

"To lose the people is to lose all."

That slogan chanted by a group of Beijing University faculty was just one of the many catchy lines that echoed across Beijing's Tiananmen last week.

Beijing University's delegation had banners exclaiming, "Give proper evaluation to the student's movement," and "We demand nothing but our nation's prosperity and strength."

Scholars from the Communications Research Institute chanted, "We want freedom more than Bread."

Next to them stood the editors from the Writer's Publishing House saying, "Media is the voice of the people, not of any individual."

Leading the demonstrators was a delegation from People's University whose slogan was, "Our nation's shame: News by foreigners, not our own press."

Close by stood writers from Shenzhen's *International Business Post* whose banner read, "People have the right to know all the facts, the right to discuss, participate and supervise state affairs."

Not to be left out was the China Youth Political Institute. Their banner proclaimed, "Democracy and Law are guarantees

for social stability. Dictatorship and corruption are the roots of social turbulence."

Finally, the multitude of Beijing citizens looking over the waving sea of humanity saw stu-

dents from the Central Nationalities Institute waving their banner high up in China's brisk spring air, telling "56 Nationalities call for Democracy."

by Lou Xinyue

Journalists Petition for Talk

A petition carrying 1,013 signatures from Beijing journalists was handed over to the All-China Journalists Association May 9 calling for talks with the Party and government officials over China's press system.

The request came in the wake of promises by authorities to "conduct broad contacts and dialogues with people from all occupations."

Li Datong, director of the Department of Education, Science and Technology News of the *China Youth News*, said that the petitioners came from more than 30 news organizations in Beijing that included *Renmin Ribao* (*People's Daily*), *Xinhua News Agency*, *Economic Daily*, *China Youth News*, *Guangming Daily*, *Beijing Daily* and the *Beijing Evening News*.

The petition, read to foreign and Chinese journalists, demanded a "sincere and equal" dialogue on press reforms with the leading Party officials in charge of propaganda work.

The petition criticized the sacking of Qin Benli as the editor-in-chief at the *World Economic Herald* by the Shanghai municipal Party committee.

The Chinese press, declared the petition, failed to adequately cover student activities over the past weeks. It complained that reports on the students were "far from enough, not objective, and neither fair-minded nor comprehensive."

This failure of the Chinese press has violated the principle

that important news events should be made known to the people, a statement that was put forward at the 13th National Congress of the Chinese Communist Party in 1987.

The petition refuted government spokesman Yuan Mu's statement, during his dialogue with the students in Beijing on April 29, that "news reporting in China is based on the system of chief editors in charge of everything in their units," saying it does not conform to the facts.

It urged that this problem be solved in the process of reforming journalism.

One journalist who handed in the petition, Guo Jiakuan, the correspondents director at *China Youth News*, said that those who signed the petition did so as individuals, and such actions should not in any way reflect the views of the petitioners' work units.

The act of petitioning was in compliance with Party General Secretary Zhao Ziyang's May 4 speech, Guo added.

Yang Yi and Tang Fei, both members of the All-China Journalists Association's Secretariat, welcomed the representatives while officially receiving the petition.

Yang expressed his thanks for the journalists' trust in his association and said that the association will be responsible for transferring the petition to the authorities and will relay back to the petitioners any results.

He stressed that the association has the duty to protect the rights and interests of journalists, and

pledged that his association will do its best to meet the journalists' demands while striving to contribute towards press reform.

Tang, when asked about the possibility of journalists getting a real dialogue, replied "I think it will happen. It's an important event in press circles."

As the petition was being handed in, about 1,000 students from five Beijing-based universi-

ties and colleges gathered outside the association building to express their support for the journalists.

The students yelled such slogans as "It is crucial to speak for the people," and "Unite to vitalize China." They then marched to Tiananmen Square, with some later rallying at the *Renmin Ribao's* gate. □

Iranian Visit Boosts Ties

Senior Chinese leader Deng Xiaoping called on third world countries to take advantage of the current relaxed world situation to develop their economies.

This was expressed when Deng met Iranian President Seyyed Ali Khameneyi May 11.

Deng, extending a warm welcome to the president, said that Iran and Arab countries including Iraq are all China's friends. Therefore, China hopes they will live in peace.

He said that China is striving for a stable international and domestic environment. "This is the most important thing we are doing," he said.

"All the third world countries should unite and refrain from wasting their strength on disputes. We also hope to see a stable Middle East," Deng said.

Khameneyi said Iranian-Chinese relations are entering a new phase and that his current visit would help promote this development.

Iran and other third world countries want peace, Khameneyi said, adding that the superpowers will be forced to accept peace, but "there are some people who do not want peace."

Deng responded by citing an old Chinese saying: "Peace is most precious."

Deng admitted that China has also encountered some problems in international relations. "We

should not be afraid of troubles but should try to solve problems through dialogue. This is the only chance," Deng said.

"In a few days," Deng said, "I will meet Soviet leader Gorbachev and try to settle the disputes that have arisen between us over the past 30 years so as to normalize Sino-Soviet relations."

Deng also said that China and the Soviet Union should live in peace, too.

Khameneyi, at a press conference later, told Zhou Qingchang of *Beijing Review* that his talk with Deng was "the best" among all the talks, and that Deng is an experienced man and has a profound understanding of international issues.

He said China has expressed its desire to contribute to the Iranian reconstruction programme, and that Iran welcomes this.

Chinese president Yang Shangkun, at a welcoming banquet in the evening of May 9 in the Great Hall of the People, spoke highly of Sino-Iranian friendship.

Both China and Iran adhere to the principle of independence, Yang said, adding that it is due to this foundation and the Five Principles of Peaceful Co-existence, which both accepted, that wide and rapid growth of bilateral relations has been seen in the past decades.

"We believe," the Chinese president said, "that Sino-Iranian co-operation will surely achieve a

higher level through concerted efforts."

China sincerely hopes that Iran and Iraq will, through mutual understanding, accommodation and friendly consultations, adopt more flexible attitudes in order to fully carry out the 598 Resolution of the United Nations (UN) Security Council, Yang said.

Yang added that as a permanent member of the UN Security Council, China will, as always, continue to play its role in promoting reconciliation between Iran and Iraq and the stability and prosperity of the region.

President Khameneyi said in his toast that Iran and China should further develop economic, trade, technological and cultural relations. He pointed out that China has become the sixth largest trade partner of Iran, and that more fields of co-operation remain to be explored.

He said that Iran has accepted the UN's 598 Resolution, and is willing to live together with its neighbouring countries in the region on the basis of good-neighbourliness, mutual benefit and mutual respect for different beliefs and cultures.

The Iranian president called for the withdrawal of all foreign troops from the Persian Gulf, holding that sincere co-operation among all the countries of the region is the only way to restore all-round security of the Persian Gulf.

The Iranian guests left Beijing May 12 for a two-day visit to Urumqi and Kashi in Xinjiang Uygur Autonomous Region.

Prior to the guests' departure, Chinese Foreign Minister Qian Qichen and his Iranian counterpart A.A. Velayati signed three agreements including an executive programme of 1989-90 cultural, scientific and art co-operation between the two governments, and a memorandum on mutual exemption of visas. □

Tainted Judges Get Rapped

About 400 judges and bailiffs, along with other high officials, have been disciplined for crimes that include consorting with prostitutes, bribe taking, extortion, gambling and watching obscene video shows.

Ren Jianxin, president of the Supreme People's Court (SPC), announced at a national conference for the creation of a clean and honest court May 6 that last year more than 380 court officials and bailiffs were disciplined, with 18 being punished by law for breaches of regulations or the law.

In one case a ten-year prison sentence was dealt to Zeng Xiancai, a Xishui County court judge in Guizhou. He abducted and sold two women litigants into forced marriages after raping one, when they came to him to file divorce suits.

Such practices harm the administration of justice by the courts, Ren said.

Since the transition from the old system to a new one is not yet finished, said Ren, laws governing behaviour leave much to be desired, and loopholes in state and public supervision will be checked.

It is inevitable, said Ren, that there are exchanges of money and power between some administrators and businessmen.

Top priority is being given to ensure the clean-up and creation of an honest government, Ren said, and all possible means will be used to eliminate corruption from the courts.

"We should view such cases more seriously and take strict measures to curb them, although they involve only a small number of judges," said Ren.

Judges themselves should be just, honest and self-disciplined, the president said. A system of public trials should be fully implemented to allow the public to

observe the operation of justice.

He added that supervision departments will soon be set up inside courts to strengthen administrative supervision over judges.

What's more, abuse of duty has been found to have taken place in other important departments.

Wei Mingsheng, who has been defrocked from his post as chief of the Shaanxi's Economic Commission, asked for and received "goodbye presents" valued at 5,336 yuan before he was transferred from one of the poorest prefectures of the country to the provincial government.

The Ministry of Supervision, moved by student suggestions, has decided to speed up its work of investigating and bringing cases to press attention so the public can assist it in its work. □

Criminal Cases On the Rise

Chinese society is under increased pressure in its challenge to control crime and maintain public order, said Ren Jianxin, president of the Supreme People's Court at a May 8 assembly of judges.

More than 94,800 criminals were sentenced in China in the first three months of this year, a rise of 14 percent over the same period last year.

There was an increase of nearly 17 percent in the number of those sentenced to death, death with reprieve, or life imprisonment during the same period.

Figures, such as a 78.7 percent increase in serious theft, robberies going up by 59.98 percent and murders rising by 13.05 percent, have brought public concern.

Public security is seriously threatened despite various measures being taken by courts across China.

Ren, in analyzing criminal cases, placed them into five main categories:

— Murder, serious theft and

robbery. Criminal gangs are often found to commit these, especially the latter two.

— Crimes along main railway lines. Train robbers, often in gangs, are so bold that they often loot passengers, beat railway police aboard trains, and have even placed explosives on rail tracks.

— Abduction of women and children. This is getting more common and criminals are becoming more cunning and cruel.

— Gambling, prostitution and drug trafficking. This area is on the increase.

— Crimes committed by vagrants. This makes up a large proportion of criminals.

"While public order is generally stable across the country," said Ren, "many problems and unstable factors still challenge law and order."

The top judge said that the courts will continue to deal severely with criminals who "gravely jeopardize public order."

Ren urged courts at all levels to take strict steps in cracking down on crime, especially on those committed by habitual offenders or those with a gang link up. □

Teacher Bashing Raises Concern

"Kill him!" "Set his house on fire!"

These were some of the battle cries as a mob of 200, armed with hunting guns and knives and led by Party branch secretary Wang Changsu, descended upon teacher Zhang Changsan's family and home in the small village of Yuanzhuangcun in Henan Province.

The six-hour orgy of looting and vandalism on the 30-year veteran teacher last March was only one in hundreds of assaults on teachers that has shocked a nation that prides itself on having a teaching tradition of several thousand years.

In Henan Province alone the

number of teacher-casualties from January 1988 until last April came to three deaths, 26 permanently made disabled and 13 seriously injured.

Zhang Xipei, the principal of Caizhai Middle School in the province, and his daughter were seriously wounded when a mob burst into Zhang's home and beat him and his family on February 21 last year.

Zhang had angered locals after he expelled a student who failed to obey repeated warnings not to wield a knife in classes.

This enraged the student's uncle Wu Jinmu, who took revenge on Zhang, crying out to his mob: "500 yuan to anyone who breaks a leg of Zhang's."

Some of the assaults were started either for teachers' refusing to yield to criminals or coming to the protection of their schools.

In Nanyang area of Henan Province, the violence against teachers is at record levels. There have been 56 assaults from January 1986 to last April.

Most attacks on teachers are in the remote and backward mountainous areas with the assailants being chiefly farmers and workers lacking education and a respect for the law.

One local police chief scornfully declared, "What's the value of a teacher?"

One old teacher said with tears, "We teachers are just like ants. Everyone can stamp on us."

Last April, Lu Sanliang, 23, was executed for murdering a female teacher of Yushuyuan Primary School in Zhoukou City, also in Henan Province.

The victim wanted the state to return her room that Lu's family had illegally occupied since the "cultural revolution." (1966-76)

Lu resorted to murder after the courts had ruled in the teacher's favour.

Even Beijing, China's centre of learning, has not escaped teacher bashing. In the morning of March 10 a 21-year-old female teacher at

a Shijingshan District primary school was shocked after a stout man burst into her classroom while she was teaching.

Her students wept helplessly at their seats as the man brutally beat her into unconsciousness.

Acknowledging the increase in violence against teachers, Tang Shixiong, deputy director of Beijing Education Bureau, said, "Such cases have seriously disturbed the normal order in schools. We must cry out to protect our teachers' legal rights and interests."

Such cases cannot be dealt with as ordinary civil disputes, he said. It's a question of maintaining order in the schools and protecting the teachers.

Despite a central government emergency circular in 1983 requesting a crackdown on assaults on teachers, many people, including a number of cadres, continue to insult and threaten them.

Behind the assaults is the practice of insulting and abusing teachers which started during China's "cultural revolution" when school officials and teachers were often slandered by some leaders and both criticized and beaten by their students.

Who will teach if a teacher's safety is at risk? And, how can the quality of the people then be improved if no one dares to teach?

by Li Xingjian

Muslims Get Book Banned

More than 2,000 Chinese Islamic students demonstrated in Beijing on May 12 against the publication of *Sex Customs*, which they claimed to be "full of slander against the Muslims."

Chinese Islamic students from the Central Nationalities Institute, Beijing University, Qinghua University and other colleges of higher learning made a five-hour march from their campuses to the

Grand Islamic Mosque in the southern part of Beijing where they handed their petition to representatives of the Chinese Islamic Association.

The students claim that *Sex Customs* published under the names of Ke Le and Song Ya by Shanghai Cultural Publishing House insults Islam.

They say almost 150,000 copies of the book have been printed and that 60,000 copies have hit the market in 22 cities in 17 provinces since its printing last March.

The demonstrators demanded that the book be immediately banned and the writers and publisher be punished.

The demonstrators later marched to the Great Hall of the People where they presented a copy of their written petition to an official in charge of the Visitors' Bureau of the Standing Committee of the National People's Congress.

Unlike other student demonstrations that have recently hit Beijing, this one had permission from the Public Security Bureau.

According to the student leaders, 20,000 Muslims in Northwest China's Gansu Province also took to the streets in the provincial capital of Lanzhou on May 5 to demand respect for their beliefs and punishment for the authors of the book.

Beijing Daily carried a May 13 report stating that the Beijing municipal government has banned the selling of *Sex Customs*, demanded to confiscate and close down all unsold copies and have offered refunds to those who return their copies. More than 500 of the book have been seized in Beijing. □

Movies Get 'R' Ratings

You could call it discrimination against children, or for them, depending on the way you see it. "RESTRICTED-to

those 16 and under" is a phrase Western people have grown up with.

That phrase, unknown in China, will strike at Chinese box offices across the nation forbidding anyone 16 years or younger from viewing silver screen no-no's.

Starting May 1 — three days before China's Youth Day — regulations will stop cinemas from selling young people tickets to see films carrying the new label of "restricted" while forcing ushers to check I.D. cards for proof of age.

New regulations will also stop all film distributors and movie houses from renting out restricted films to elementary or secondary schools or making block sales of tickets to young people.

These films will also be blocked from television broadcasts and will be cut from the list of films supplied to rural mobile film projection teams.

Pressure for family-oriented movies could come with regulations that force film advertisements to carry warnings of these movies being unsuitable for children. Similar rules in the West have driven many foreign producers from making films that include sex or violence.

The Ministry of Radio, Television and Film labelled films restricted, or "unsuitable for children," in the following areas:

— Films touching upon rape, robbery, drug taking, drug smuggling or prostitution;

— Films containing excessive violence;

— Films depicting sex and love-making;

— Films depicting abnormal social phenomena.

A film ministry official said that it is reviewing the opinions of people from all walks of life about the new rating system, which is slated to be overhauled once again next year. □

Weekly Chronicle (May 7-13)

POLITICAL

May 8

□ At a meeting with a delegation from the Turkish Social Democratic Populist Party, Zhao Ziyang, general secretary of Chinese Communist Party's (CCP) Central Committee, tells his guests that China will not only push forward with its economic reforms, but will also carry forward political restructuring to allow the two concepts to support each other.

May 10

□ Chinese Foreign Minister Qian Qichen, at a meeting in Beijing with Vietnamese Deputy Foreign Minister Dinh Nho Lien, says, "We have hoped for some progress towards a fair and reasonable settlement of the Kampuchean issue and it's a pity that the consultations have made no progress and achieved no understanding."

The second round of consultations was held between the Chinese and Vietnamese vice foreign ministers in the past few days.

□ Thousands of college students in Beijing take to their bicycles in a demonstration, calling for press freedom and an immediate dialogue with the Party and government officials.

The demonstrators pedal to the Central People's Broadcasting Station, Central Television Station, Xinhua News Agency, People's Daily and Guangming Daily as well as to the Propaganda Department of CCP's Central Committee to state their demands.

May 11

□ A draft demonstration law is expected to be discussed during the Eighth Meeting of the Standing Committee of the Seventh National People's Congress which will open on June 20 in Beijing.

During the one-week meeting, members of the committee will hear reports on the recent student

demonstrations and the drafting of a press law.

ECONOMIC

May 9

□ Chinese Premier Li Peng says at a working meeting of the State Council that the general pace of the nation's economic development over the next two months should be slowed down and adjustment of the country's production structure should be continued.

During the first four months of this year the nation's gross industrial output value increased by 11.3 percent compared with the same period of last year.

May 11

□ China's 15 major wheat-producing provinces and autonomous regions are expected to turn out 78.2 billion kilogrammes of wheat, an increase of 1.1 billion kilogrammes over last year's yield due to favourable climate and rainfall early this year and the expansion of sown areas by 18 percent, according to the Ministry of Agriculture.

CULTURAL

May 10

□ The late famous Chinese writer Shen Congwen's former residence in Fenghuang County, Hunan Province, opens to visitors.

An introduction of his life story, his manuscripts and the artifacts of the brush, ink stick and ink slab are on display. Also displayed are books and papers on him by foreign and Chinese scholars.

SOCIAL

May 9

□ Two earthquakes hit the Daiya Autonomous County of Gengma, Yunnan Province, on May 6 and 7, resulting in at least one death and 11 injuries.

Some 5,000 houses collapsed and 3,500 *mu* (233.33 hectares) of farmland were severely affected by the quakes, an official from the local department of civil affairs says. □

Cuba Adjusts Its Foreign Policy

Cuba is the first socialist country in the Western Hemisphere. Since its revolution Cuba has maintained close relations with the Soviet Union, and now it is promoting ties with other countries.

by Shen Shan and Li Ning

This year the whole of Cuba has been celebrating the 30th anniversary of its revolution. However, observers note that Cuba is readjusting its foreign policy in this atmosphere. In fact, it began to do so last year. **Relations with the United States relaxed.** For 30 years relations between Cuba and the United States have been on a tit for tat basis. Through economic blockade, political isolation and military means the United States has opposed the Cuban revolution, and Cuba has treated the US as an implacable enemy. The fundamental Cuban policy was to confront the US and push the liberation movement in the Latin American region. During this period there were the Bay of Pigs debacle, the Grenada invasion, the battle of the air waves, spying incidents, arguments over human rights and defections by Cuban officials. By 1987 relations between the two countries had fallen to the lowest point.

Since the first half of 1987 the situation has changed. The Cuban government has agreed to special US flights to Havana to transport material for those who take care of the US interests, in Cuba. It has released more than 30 political prisoners and allowed them to go to the US. At the same time it has agreed to a US observation mission on human rights to go to Cuba to interview political prisoners. In response to this, the US agreed to Cuban sportsmen taking a special airplane to the United States for the Pan-American Games.

The two countries have decided through negotiations to restore the immigration agreement. In March this year they restored postal and telecommunications services which had been suspended for 20 years. They have begun exchanges in science, culture and sanitation. Cuban leaders said recently that Cuba was prepared for negotiations with the United States and did not oppose the improvement of relations on the basis of fully respecting Cuban sovereignty, while stressing that the US should cancel the economic blockade and withdraw from the Guantanamo base. This flexible Cuban attitude has won it the initiative in settling of the Cuban-US issue.

Close relations with the Soviet Union continue. The relations between Cuba and the Soviet Union have been close. Though there have been some ups and downs, in general their relations have been developing steadily. For 30 years the Soviet Union has provided much military and economic aid to Cuba and supported its revolution. The Soviet aid (about US\$4 billion a year) is indispensable for Cuba, and the Cuban role in Africa, Latin America and the non-aligned movement is beneficial to Soviet global strategy. On this basis the Soviet Union and Cuba have set up a special relationship.

Since the beginning of the 1980s the Soviet Union has begun political and economic *perestroika* and the relations have subtly changed. Cuba has adopted an elusive attitude towards *peres-*

troika, stressing that Cuba must pay attention to its own conditions. Cuban President Fidel Castro clearly said that his country would not take measures similar to those in the Soviet Union, because the two countries are different in their size, nationality and history. Meanwhile Cuba has tried to rectify mistakes and correct negative tendencies. President Castro has said openly that the Soviet Union and Cuba have contradictions on some issues.

Because Cuba occupies an important position in the Soviet global strategy, Moscow has paid much attention to co-ordinating its relations with Cuba. On April 2-5 Mikhail Gorbachev paid a visit to Cuba, the first by a top Soviet leader since 1974. During their talks, the two sides repeatedly stressed that their bilateral relations were stable and their solidarity could not be influenced by temporary fluctuations. **Relations with other Latin American countries improved.** Cuban Foreign Minister Isidoro Malmerca visited Panama, Brazil, Uruguay, Argentina and Mexico early last year. After June Castro went to Ecuador, Mexico and Venezuela to attend the swearing-in ceremonies of the new presidents of these three countries. This was a rare event in 30 years and was seen as a sign that Cuba was giving up its past radical stand and recognized that the primary task for Latin American countries was to safeguard their independence and promote their economic development.

Today Cuba has established



On April 4 Gorbachev (left) and Castro signed a Treaty of Friendship and Co-operation in Havana.

ZHANG NING

diplomatic relations with most Latin American countries. The summit of the Group of 8 in 1987 proposed that the Organization of American States admit Cuba as a member. This proves that the Latin American countries have changed their attitude towards Cuba. Cuba has also adopted a flexible attitude towards the Central American issue, declaring on many occasions that it supports the proposal of the Central American nations for a political settlement and the dialogue between the Salvadoran government and guerrillas. It has also stated that it will withdraw its military advisers from Nicaragua.

Besides, the Cuban government has also readjusted its policy towards Southern Africa. Last December, through Washington's mediation, it signed the tripartite agreement with Angola and South Africa on the settlement of the Southwest African issue. To date, Cuba has withdrawn nearly one fifth of its troops from Angola, and its action has won praise from the international community.

From the point of view of its internal situation, Cuba seeks a favourable international envi-

ronment to develop its economy. Cuba's trade with the Soviet Union accounts for 70 percent of its total foreign trade, but its imports from the Soviet Union have begun to decline since 1987. In addition, the US economic blockade, the drop in the sugar price on the international market and consecutive natural calamities have caused shortages in supply and sharpened social contradictions. Under these circumstances, in order to get rid of the economic difficulties, the Cuban government realizes that it should expand economic ties

with other countries, particularly Western European countries.

The US rethinking of policy towards Cuba and the change in the attitude of some Latin American countries towards Havana have provided an opportunity for Cuba to adjust its foreign policy. However, there will not be sweeping changes due to various reasons. Cuba still has a long way to go before it can normalize relations with the United States and fundamentally improve ties with other Latin American countries. □

The Road of Third World Development

Trends towards international detente and dialogue are presenting fresh opportunities and challenges to the third world in overcoming their development hurdles.

by Wang Shu

Dramatic changes have brought relaxation and peace to international relations, which has permitted third world countries to invest their

manpower and material resources towards economic construction and the improvement of social welfare and provided them with ample opportunities

to develop economic and technological relations with other nations.

The third world faces many tremendous difficulties in competing with advanced states that draw their strength from their comprehensive economic, scientific and technological position.

Advances in the fields of economics, science and technology will heighten the challenges for third world development.

These harsh challenges and consequent pressures have already touched many people, the urgency which has been reflected in third world public opinion.

Many third world countries, after winning their national independence in the 1950s-1960s, took great strides in economic development during the 1960s-1970s.

Their average GNP growth rate was 5.6 percent in the 1960s and 5.8 percent in the 1970s. The world proportion of their exports increased from 20.6 percent in 1962 to 26.1 percent in 1982, and that of their imports rose from 21.8 percent to 25.1 percent.

However, these gains have been blighted because of their overall poor foundation in economics, science, technology, culture and education since then. Coupled with this has been the adverse conditions in the world market that has accentuated mismanagement of domestic commodity markets.

Most third world countries have experienced sharp decreases in the export earnings, trade deficits in their international balance of payments, and declining growth or even negative growth rates. Third world foreign debts have exceeded US\$1,000 billion.

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Africa's population growth has been the chief problem behind an eight-year drop in incomes. Though Africa's 1988 GNP had a 2.3 percent increase over that of 1987, its per capita income dropped by 4.2 percent due to population increases. Meanwhile, foreign debts have reached US\$200 billion.

Economic performance of Latin American countries was even poorer in 1988 than in 1987 with GNP increases of only 0.7 percent, less than 1987's growth rate of 2.5 percent. Their per capita income has actually dropped by 1.5 percent, and has been dropping for the past five consecutive years. At the same time their foreign debts have exceeded US\$400 billion, and in 1988 the regional repayment bill broke the landmark US\$40-billion mark.

The third world countries embarked on a new road to economic readjustment in the 1980's that brought a new character to their economic systems. They have met with varying degrees of success.

Though specific conditions greatly differ between third world countries, many of their experiences and lessons are quite similar which can be summed up as follows:

National conditions and economic strength should be taken into account when plotting the nation's development strategy and speed.

Correct judgments and corresponding adjustments should promptly be made in the light of the fast-changing situations both at home and abroad. It is inadvisable to follow the development road of some developed capitalist countries, or to also mechanically follow the "non-capitalist" mode of economic development of any socialist coun-

try. Such methods will lead nations up a blind alley and adversely hinder rather than help their economic development.

Third world nations should carefully scrutinize their natural conditions, the development level and their own economic, scientific, technological and educational foundations before declaring any economic development plan.

The experiences and lessons of other countries can be critically drawn upon for reference, but they should never mechanically be followed.

Self-reliance should be stressed in order to gradually achieve economic independence. Arduous efforts should go into obtaining foreign aid and investment. Such efforts should be applied to the needs of the country's development plan and should be within its capacity. Self-reliance and foreign aid should be mutually complementary.

Care should be taken to avoid the over emphasis on gigantic, high-speed development projects that bring heavy reliance upon foreign fund. Nations should not blindly import gigantic engineering and precision equipment without possessing a technical and marketing infrastructure to use it.

Such mistakes limit the benefits while bringing in even more foreign debt. In this respect, the bitter experiences of some Latin American countries are well worth our attention.

Third world countries where agriculture predominates should work towards shifting their economic structure by building up some form of industrial base.

Each nation should move towards industrialization within the limits of their own capability. Priority at first should be given

to the processing industries and light industries with a preference towards medium-sized and small enterprises.

It is as important though not to discourage rural development and enthusiasm for farm production in this stage of development. If the supply of grains and cash crops drop off there will be difficulties in the domestic supply that could adversely affect exports.

A proper balance should be struck between agricultural and industrial funds, manpower and material resources. Efforts

A fishmeal processing factory in Peru.



should also be made to develop agro-industry and agricultural science and technology.

Preferential policies should be offered in the form of assistance in purchasing and supplying, farm credits and tax write-offs to encourage farmers to maintain food production instead of rushing to the cities. Lessons from famine-struck African countries over the past years can teach us a lesson in this respect.

In the area of economics some developing countries have overstressed nationalization when they were still far from possess-

ing the necessary economic preconditions. As a result, state-owned enterprises occupied excessive proportions of their national budgets. This problem, coupled with poor management, has led to low product quality, rampant corruption and astonishing waste and huge losses.

This heavy reliance on state enterprises has checked growth in other sectors and has blocked nations from bringing into full play the initiative and enthusiasm of people of all walks of life. Such imbalances brought supply shortages, a decline in the service industry and mass complaints.

Many states are now reconstructing or scaling down their state-owned enterprises while providing encouragement for their private sectors. Their experience offers a lesson.

Another problem has been a lack of experienced and competent managerial and technical personnel. This has led to shoddy management that has resulted in poor quality, more accidents and low productivity.

These difficulties have become more pronounced with energy and raw materials shortages that have shut down enterprises and made a mockery of optimistic economic targets.

In the drive to develop industry, due attention should be given to personnel training, infrastructure projects, energy and raw material supply, balanced investment ratios and the rational arrangements of manpower and material resources, so that all economic sectors will complement each other instead of bringing internal conflict.

Moreover, huge investments over a fairly long period of time are required to construct economic infrastructure and increase the production of energy and raw

materials, and to train the required personnel. That makes it imperative to base development upon far-sighted strategies that are well-planned to effectively bring industrialization.

A major policy shift for developing countries has been in their promotion of economic co-operations with foreign countries for the purpose of national economic development. Many nations are striving to increase exports to earn foreign exchange needed to import industrial equipment and technology. They are also trying to create a favourable environment to attract foreign investment and technical co-operation.

Diversified markets would cut the hazards of over-dependence on a few foreign markets and a broader focus could avoid possible losses when unfavourable changes take place in international markets or when protectionism emerges.

The fast-paced international market requires both close scrutiny and the capacity to flexibly adapt to new conditions.

Nations while stressing foreign economic relations should also heed the needs of their home markets so as to avoid supply shortages and price hikes.

Third world countries have made great achievements in their efforts to develop their national economies.

The most important lesson we can learn in these developments is: the necessity to take into consideration the changing situations both at home and abroad, to adopt far-sighted strategies and to aim for a comprehensive and balanced level of development.

In viewing their achievements third world nations must face up to their problems so they can take further measures towards



A mother and her two children attempt to allay their hunger with wild fruit. Famine has taken 3,500 lives in northern Mozambique so far this year.

economic development.

Problems and mistakes of one kind or another are unavoidable in the development of third world countries because of their poor economic foundation and lack of experience in economic construction

A serious study of their past experiences will help them to adjust their strategies to meet the challenges ahead.

The international situation is dramatically changing, ushering a peaceful environment. Further developments in high-technology

will promote both the productive forces and the current of economic reforms. These world-wide adjustments will further enhance conditions for economic, scientific and technological development.

With all countries trying to overtake each other in building their comprehensive state strength, the third world must face the future with confidence and courage so as to take further advancements in the development of their national economies. □

Car Industry Gets Into Gear

by Our Staff Reporter Zhang Zhiping

When the Second Session of the Seventh National People's Congress opened in March this year, *Economic Daily* once again reminded readers that its alternative title—"Universal Car Fair"—was still appropriate. On March 28, a reporter counted the cars parked in front of the Great Hall of the People. Altogether there were 556: 495 were imported models (including 235 Nissans, 137 Toyotas and 39 Mercedes Benzs), 24 were from Sino-foreign joint ventures and only 37—less than 7 percent of the total—were entirely manufactured in China.

This is despite the fact that the national motor industry can trace its history back to the 1950s. Since then, more than 4 million trucks and lorries have been turned off the production lines, enough to make the country largely self-sufficient. But car manufacturing has always been insignificant. As a result, import-

ed cars have flooded in since the start of the 1980s. Between 1981 and 1986, for example, 760,000 foreign vehicles were imported, most of them passenger cars. They cost US\$5.2 billion (more than 13 billion yuan)—1.3 times more than the total investment in China's auto industry since the founding of the People's Republic. This money could have been used to build a dozen or so large-scale car plants.

Origins

With Soviet aid, China established its first automobile factory at Changchun in 1956. Ever since, the plant has manufactured Liberation lorries, copies of the Moscow-designed Jil. In 1958, Red Flag sedans became the country's first quality car. This model remained in production until the 1960s, although only several hundred were manufactured altogether. Chinese leaders, including Deng

Xiao-ping, still use Red Flags on official occasions.

In 1962, the Shanghai Automobile Factory began production of its Shanghai medium-sized passenger car, modelled on the Soviet Volga. Now it has an annual production capacity of 5,000 cars, and for around two decades they have dominated China's domestic car market.

Elsewhere, vehicle plants have been established at Tianjin, Nanjing and Chongqing—all of which experimented with car production but none had become mass car producers. Even in Beijing, trial production of the Beijing small passenger car was soon stopped so the city's auto factories could turn to producing jeeps.

Thus, while Liberation lorries could—and still can—be seen driving across the country in large numbers, home-made cars have been thin on the ground. Indeed, it is fair to say that right up until the beginning of the 1980s China had scarcely a car industry to speak of.

However, since the founding of the China Auto Industry Corp.—known today as the China Auto Industry Federation—in 1983, car production has started to expand in a planned and co-ordinated fashion. Today, its three principal manufacturers are the Changchun No. 1 Motor Vehicle Works, the Hubei No. 2 Motor Vehicle Works and the Shanghai Automobile Factory. Last year, national output of motor vehicles hit 647,000, including 33,000 cars and 70,000 buses.

Turning Point

If any one date was to be sin-

The mini-bus assembly line at the Tianjin Auto Plant.

XU XIANGJUN



gled out for the birth of China's car industry, it would be August 1987, when the Beidaihe State Council Conference decided to switch the emphasis of China's auto industry from trucks to cars. It announced plans to construct three car production centres, one at the Changchun No. 1 Motor Vehicle Works in Jilin Province, one at the No. 2 Motor Vehicle Works in Hubei and the third in Shanghai at the Shanghai Volkswagen Corp.

China's very first motor vehicles and cars were produced at the Changchun No. 1 Motor Vehicle Works. Its new car factory will stand in the city's second factory district, 4 kilometres northwest of the old factory district. The plant will stretch 2.7 kilometres from east to west and 1.3 kilometres from north to south—comfortably bigger than the old plant. Already its 80,000 square metre main workshop, motor plant, foundry, and die casting centre have been completed.

When the plant is completed, it will be a modern, fully integrated workshop with an assembly line 784 metres long—three times longer than the longest one now existing in China. All paint-spraying and assembly will be conducted in sealed, dustproof workshops.

Agreements have been signed with Volkswagen and Chrysler for manufacturing technology, and it is envisaged that by 1990 annual output will have reached 30,000 medium- and high-grade cars with Audi bodies and Chrysler engines. Some of these cars will be used during the 1990 Asian Games to be held in Beijing.

During the second phase of the project, from 1991 to 1995, production will be expanded until the plant is capable of turning out 150,000 cars annually.

Geng Zhaojie, director of the No. 1 Motor Vehicle Works, says



An Audi 200 from the Changchun No. 1 Motor Vehicle Works.

BAI LIANSUO

his short-term goal is to check the import of foreign cars. In the long-term, he wants to get his models onto the world's markets. His guiding principle is to promote self-sufficiency through the introduction of new technology.

The works has already begun assembling Audis from imported parts. Last year, the factory put together 400 cars; this year the number will reach 4,000.

The Shanghai Volkswagen Corp., a joint venture established in 1985 between the Shanghai Automobile Factory and Volkswagen, had produced 32,000 Santana cars by the end of 1988. Santanas are now one of the most popular makes in China.

When it was founded, the Chinese government insisted that Shanghai-Volkswagen used a large proportion of Chinese-made components in order to promote the development of a domestic components industry. In June last year, a special organization—the "Santana Chinese-Made Components Community"—was established to help coordinate the actions of the 120 enterprises, research institutes, universities and colleges involved in producing parts for the

corporation.

Both the China Auto Industry Federation and the Shanghai municipal government have given backing to the development of the components industry, offering preferential loans and tax rates to manufacturers. Volkswagen in West Germany has also encouraged moves to expand the share of Chinese-made parts as quickly as possible to reduce manufacturing costs.

By the end of 1988, 25 percent of the components required for a Santana were Chinese-made, and following modernization of the plant, the joint venture is now capable of manufacturing 60,000 cars annually. Last year, Shanghai-Volkswagen was China's largest car producer, turning out 15,000 cars.

Shanghai-Volkswagen aims to raise the proportion of Chinese-made parts to 50 percent by the end of 1989, and to push the figure still further to 83 percent by 1991. At the same time, plans have been drawn up to expand annual output to 300,000 cars.

When the Hubei No. 2 Motor Vehicle Works completes its expansion programme, it has plans to become China's first car ex-



Adjusting the engine on a Beijing jeep.

XUE CHAO

porter. Already it is one of the country's key truck manufacturers. It is envisaged that by 1996 the plant will be producing 150,000 cars, rising to 300,000 by 1998.

The works' director, Chen Qingtai, says that the period from 1993-98 will be years of export "lead-in" with tens of thousands of cars being shipped abroad. From 1998 onwards, large-scale production should enable the company to be sending 100,000 cars overseas by 2000. Right now, the works is seeking and selecting partners and fixing new factory site in Wuhan, an important central China city, where land and water communications are well developed.

As well as these three volume car producers, smaller car production centres have been set up in Beijing, Tianjin and Guangzhou. Already Cherokee, Cherad and Peugeot cars are made in these cities in accordance with the contracts signed with foreign businessmen; now the task is to raise their proportion of Chinese-

made components.

Larger-Scale

The key to boosting China's automobile industry lies in organizing volume production, according to Chen Zutao, chairman of the China Auto Industry Federation. Although the country has been making motor vehicles for 30 years and now has more than 100 factories, 570 vehicle-refitting and bus plants, 2,400 component manufacturers and 30 industry-related research institutes—employing a total of 1.57 million people—the auto industry remains small-scale and dispersed, he says.

Certainly there is the demand for cars. It is estimated that in 1988, some 100,000 cars were needed but only 60,000 (including jeeps) were actually produced. Work units, enterprises and other organizations constitute most of the real and prospective buyers, but individuals are also starting to want cars for their personal use. In 1986, there were 21,000 privately owned cars

in China, 2,400 of them in Beijing alone. Up until the year 2000, institutional buyers will still predominate, but after then the majority of sales will be to individuals.

Domestic manufacturers should also get a boost after 1990, when many imported cars start to reach the end of their life span. By that time, according to Chen Zutao, the China Auto Industry Federation will have its own models ready for sale (various prototypes were recently displayed at a Chinese car exhibition held in Beijing last October).

Surveys indicate that around 10-15 percent of high-income households can already afford to buy a car. Because of this, it is predicted that there will be 600,000 to 900,000 privately owned cars by 1995 and 1.6-2.4 million by 2000. Such domestic demand will be the motor for the development of China's auto industry—provided the twin problems of a shortage of funds and the dispersed nature of presently existing production facilities can be resolved. □

Taiwan's New Mainland Policy Raises Concern

by Li Jiaquan

Since late March, Taiwanese media and officials have been openly preaching a policy of "one country, two equal governments."

Then, in another development, the Taiwan authorities on April 6 announced that a delegation headed by Shirley W. Y. Kuo, member of the Standing Committee of the Central Committee of the Kuomintang (the KMT or Nationalist Party) and "Minister of Finance," would participate in the 22nd annual session of the Asian Development Bank (ADB) held on May 4 in Beijing.

An April 17 decision announced concessions to allow Taiwan's news media to go to the mainland for news coverage, film shooting and programme production and permission for teachers to visit their relatives on the mainland.

Taiwanese newspapers generally believe that these developments are closely linked. If the phrase "one country, two governments" can be regarded as a concept, these events are then the tentative embodiment of this concept. The KMT's official *Central Daily News* on April 18 claimed that the KMT authorities' mainland policy had entered "a brand new era."

Some reporters from Taiwan asked me what I thought of Ms. Kuo's participation in ADB's meeting and the Taiwan authorities' advancement of "one country, two governments."

My answer was quite simple: We welcome Ms. Kuo coming to Beijing to attend the ADB's meeting and believe that it will

help further relax and improve the relations on both sides of the Taiwan Straits. Unfortunately, her visit came at a time when the KMT authorities put forward the "one country, two governments" concept and I'm therefore a bit afraid that her mainland tour might be used to promote the policy.

The policy of "one country, two governments" was formally proposed in a reply to a query in Taiwan's legislature last March 28. However, on April 18, the Taiwan authorities implied that they would recall or suspend that policy. What is the truth?

Two Equal Governments

The "one country, two governments" policy is at the core of the Taiwan authorities' new mainland policy. According to Taiwanese newspapers, it contains three major differences with the mainland's "one country, two systems" formula.

The first difference concerns the principle of sovereignty, which advocates that either side of the Taiwan Straits holds its own "independent sovereignty." Taiwan no longer insists that it is the sole legitimate government of China, but in the international arena, it still insists that it is a country with full sovereignty. Its short-term goal in this policy is to regain membership in some regional and international organizations, while in the long-term it hopes to rejoin the United Nations.

A second major difference is over the principle of equality. The KMT insists that the relationship between the governments on the mainland and Tai-

wan be an equal one rather than having one subordinate or subject to the other. The mainland government, in this view, would rule the mainland, while the Taipei government would continue to rule the islands of Taiwan, Penghu, Jinmen and Matsu. Both of them would be equal political entities ruling China.

A third difference is over the principle of transition. The Taiwan authorities hold that within one China there would be two equal governments, each catering to its own status quo on either side of the Taiwan Straits while causing no harm to the prospect of the peaceful reunification of China. From a long-term perspective, there will surely be only one country with but one government. But from a short-term point of view, there can only be one country with two governments. This is the ideal model of transition for handling the relationship between the two sides before reunification. This is, in essence, similar to the "expediency" and "two Chinas" theory preached by the *Central Daily News*.

At first glance, the "one country, two governments" policy seems more reasonable and pragmatic than previous policies. For the first time, the KMT authorities are no longer claiming to represent the whole of China. Furthermore, they recognize the legitimacy of the mainland government and insist on the stance of "there being but one China."

The fact is, however, that the KMT authorities, who were driven to Taiwan in 1949, have lost their legitimacy in claiming to represent the whole of China while the People's Republic of

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China has gained the recognition of 137 countries.

The "one China" expounded by the KMT authorities is nothing but a remote castle in the air. What they are really after is a recognition of there being two equal governments and eventually their return to the international community. Obviously, by doing so they seek to ignore the status of the Beijing central government, thus creating a situation of two political entities which hold sovereignty in two solitudes.

In this ploy the "one country" is the form, while the "two governments" is the actual substance. The KMT authorities in practice are applying a policy of "two Chinas" under the name of "one China." This is even more misleading and dangerous than Taipei's "elastic diplomacy" and "dual recognition."

A Hong Kong newspaper commented that should this formula be put into effect, the relationship between the two sides would be like that between the Federal Republic of Germany and the German Democratic Republic and between the Democratic People's Republic of Korea and South Korea.

An added factor, that of geographical distance between the mainland and Taiwan, could work to loosen and estrange the ties, making reunification an even more remote possibility. It is only natural that people have expressed their concern for this formula.

Background and Reasons

It is not accidental that the Taiwan authorities have put forward their "one country, two governments" at this time. There are strong reasons both inside and outside the island for this move.

In regard to the island's internal conditions that are comple-

mented by great economic development, many people there wish Taiwan had its economic strength matched by a position in the international community. Various political forces, working with different motives, have also demanded an "orientation" of relations between Taiwan and the mainland, which will be favourable to Taiwan's stability and development. This is the hotbed that produced the idea of "one country, two governments." In order to extricate themselves from their difficult situation, the KMT authorities also naturally hope to achieve some breakthrough by exploiting this approach.

On the world stage, some pro-Taiwan forces had earlier put forward the proposal of "one China, dual representation." The present "one country, two governments" preached by some people in or not in office in Taiwan is just a duplication of this theory of "dual representation."

Because of various complex, historical reasons both inside and outside the island, the concept of "one country, two governments" and other systems similar to this, such as "one country, two administrations," "one country, two seats," and "one nationality, two countries," have been existing since a very early time. But all these arrangements were opposed whenever they were suggested.

However, something is now different from the past situation. People have noticed that, under the policies of "elastic diplomacy," "dual recognition" and "returning to the international community" pursued by Taiwan's new authorities, newspapers in Taiwan carried views of "both Taiwan and mainland are China" last January.

Now, at last, the concept of "one country, two governments" has been formally advanced, and advocacy of this view has constantly increased. This proposal

has certainly aroused a great amount of attention and uneasiness from people with patriotic feelings.

There can be only one sovereignty and government inside one country. With two sovereign governments, the country will be divided.

Some people say that the mainland and Taiwan have already been divided for 40 years, and the "one country, two governments" has already objectively existed with or without the recognition of the fact.

I do not agree with this view. Yes, historical separation is a fact, but just because of this, we should not legitimize, prolong and perpetuate this.

If we recognize that Taiwan and the mainland are both political entities and both represent China, then won't two Chinas appear? Moreover, when the time becomes ripe, won't there be some people in Taiwan who will want to make Taiwan an independent country? This action of separating Taiwan from China will be resolutely opposed by the Chinese people, including most Taiwan people.

The Theory Goes Nowhere

The theory of "one country, two governments" is self-contradictory and can get nowhere from the view of jurisprudence, history and political science as well as present situations.

From the view of jurisprudence, the theory of "one country, two governments" cannot stand up in either internal or international law.

According to internal laws of China, since the KMT rule was overthrown in 1949 in China's mainland, its government was no longer a legally constituted authority of China.

Although it is still occupying Taiwan Province of China, it is

in fact merely a local authority and has no right to represent the country, nor does it have the right of being called a "country."

From the perspective of international law, a country can have only one sovereign government to represent it. It is unimaginable that a unified country has two governments to represent it in international affairs. Some have said that in earlier years there had been several governments of warlord regimes on Chinese territory at the same time. But that was only a temporarily chaotic period in Chinese history. And even in that period, only one government represented China internationally.

Some other people say that in the anti-Japanese war period (1937-1945), China had two governments, one was under the leadership of the Chinese Communist Party and another under the leadership of the KMT. But it is also known that the government then under the leadership of the Chinese Communist Party in the Shaanxi-Gansu-Ningxia Border Area was called abroad "the Government of the Shaanxi-Gansu-Ningxia Special Area of the Republic of China." The central government under the rule of the KMT was the representative of China internationally.

From a historical perspective, as a unified country, China or any foreign country would not allow two or more separate governments to represent it. Though territory can be divided, sovereignty cannot. That means that though every party may have its right of ruling, the sovereignty of the country cannot be separately held by every party. If this was the case, a country is no longer one entity. Although China has experienced division for many times in the past, the trend towards unification has been always the way forward. The Chinese nation has a traditional desire for unification. National

division was only temporary, transitional. If there is no unification, there is no stability, peace and development. The present division of China into two parts should not exist for long.

Internally, the territory of Taiwan Province is only one two-hundred-and-sixty-sixth of the whole of China's territory. The population of Taiwan is one fifty-fifth of the entire Chinese population. The Taiwan authority is a de facto local authority with a different system from China's mainland.

Internationally, since 1949 the government of the People's Republic of China has already replaced the former KMT government in holding world recognition. The People's Republic of China has become a member of the United Nations and a permanent member of the UN Security Council.

The issue of Taiwan is an internal one left over in Chinese history. The Chinese government has permitted the possibility of Taiwan to develop its cultural, economic and trade relations with various countries on a people-to-people level, so as to safeguard state sovereignty while protecting the interests of the people on Taiwan. This reasonable approach fully respects both the history and reality of Taiwan. As a local authority, those governing Taiwan cannot naturally represent China and cannot establish an "equal government."

From the political situation, the author feels that one country can have "two systems," i.e. two entirely different social systems, but it cannot have two governments. The "two systems" in one country can coexist for a long period of time, resulting in mutual co-ordination and a peaceful livelihood. The mainland, as the principal partner in the relationship between the two sides of the Taiwan Straits, will take the initiative to co-ordinate relations

with Taiwan. Taiwan can safeguard and strengthen its own original system through various means, such as economic development, legislation and keeping its army. This will help eliminate confrontation while solving contradictions.

If China, however, has two governments which confront each other across the Taiwan Straits and each claims to represent China, the contradiction can hardly be solved. This in fact leaves hidden troubles for the future, and this cannot lead to peace but might lead to war. If Taiwan someday declares independence, the mainland will surely resort to arms to safeguard China's territorial and sovereign integrity and bring about China's unification. It is believed that this is the last choice that the majority of the Chinese people would choose.

It is reported that the proposal of "one country, two governments" has shaken the ruling clique in Taiwan. In essence it has turned into a quarrel over unification versus independence. This is entirely predictable. Dr. Wou Wei, a well-known scholar said, "Without a unified China, Taiwan will surely be divided." This is a foresight. Therefore, for the permanent tranquillity of Taiwan and people on either side of the Taiwan Straits, for progress and the development of the Chinese nation, it is better to carry out the "one country, two systems."

Under the fundamental principle of one China, other issues can be solved through peaceful consultation. At present, the animosity should be eliminated, and the "three exchanges" (the exchange of mails, trade, air and shipping services), mutual understanding and common knowledge strengthened. It is my belief that the formal representatives on both sides of the Taiwan Straits will in the end sit down and discuss the best way to peaceful reunification of China. □

A Probe Into Urbanization in Rural Areas

Urbanization is still at a low level in China. In the rural areas, efforts are made mainly to develop small towns to accommodate local surplus labour. This road to rural urbanization is not ideal, given its high costs, poor results and rather serious side-effects. China, the authors suggest, should give free rein to the development of medium-sized cities to speed up the progress of urbanization. Small towns do no more than bridging a gap along the way.

by Guo Shutian and Liu Chunbin

Urbanization involves two aspects in China: expansion of the existing 300 or more cities, and regional urbanization in rural areas. This article discusses the second aspect.

Status Quo

The proportion of urban population in a nation's total is one of the basic criteria for its level of urbanization. In China, data available to both Chinese and foreign scholars show that 68 percent of the nation's population live in rural areas, and 32 percent in urban. As a matter of fact, these figures are not accurate.

The Ministry of Public Security reports that by the end of 1985, China's urban population totalled 211.87 million. When the agricultural population of the suburban counties surrounding cities is deducted, the city population amounted to only 118.26 million. This shows that the proportion of the population of cities in the national total was less than 12 percent.

Figures from the former Min-

istry of Urban and Rural Construction and Environmental Protection reveal that by the end of 1986, the non-agricultural population in China's urban areas was 175 million, which included close to 60 million non-agricultural people in towns. This means that the proportion of the population of Chinese cities in the national total was close to 12 percent, or a little over 17 percent when the non-agricultural population of towns is counted in.

However, according to statistics on the administrative divisions, the urban population totalled 340 million, including 165 million agricultural people. The reasons for including agricultural people in the urban population boil down to two: the cities exercise jurisdiction over large numbers of counties, and large numbers of counties have been converted into cities. For example, Jingmen, formerly a county in Hubei Province, has been made a city; it boasts a population of 1 million, but 80 percent of them are farmers.

We hold that incorporating the rural people into the city population is improper and will contribute to misjudgements of the lev-

el of urbanization in China.

Another phenomenon that warrants our attention is that over 15 million farmers have found jobs in cities and several million others have settled down in towns (they take care of their own supply of food grain). Even if these new-comers are counted in as urbanized population too, it will still indicate a low degree of urbanization.

The major reason why China's urbanization progresses so slowly lies in the fact that ideas in favour of impeding the development of cities have occupied a predominant position for many years. This resulted in sending more than 20 million factory workers to the countryside in the early 1960s, and during the nationwide campaign of moving educated youth to "the mountains and the countryside" that started in the late 1960s, more than 20 million urban young people in all settled down in the countryside. More importantly, a dozen of the government's policies concerning residence permits, housing, the provision of grain and nonstaple food, education, medical care, employment and social security have actually set the countryside and town

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apart.

With the onset of the economic reform in the rural areas after the Third Plenary Session of the 11th Party Central Committee in December 1978, however, surplus labour came into being. To cope with this changing situation, the CPC Central Committee decided to let them settle down in towns to work in township enterprises or do business, on condition that they take care of their own supply of food grain. This decision and the resulting action is undoubtedly an advance of great historic significance. It aroused wide interest and enthusiastic discussions among theoretical circles concerning urbanization of the rural areas.

Road to Follow

Most people tend to favour absorbing rural surplus labour locally as the road to urbanization in the rural areas. They argue that China should not follow the beaten track of the capitalist countries in the West in urbanization but should re-employ rural surplus labour locally as a feasible way to rural urbaniza-

tion in China. The existing large cities, they say, are already overpopulated, and the small and medium-sized cities are not permitted by state policy to expand into large ones. Moreover, the state is financially not in a position to build new cities to accommodate rural surplus labour in the hundreds of millions. Under these circumstances, they say, the only way out is to construct tens of thousands of towns in the rural areas and develop a diversified economy to gradually industrialize and urbanize the rural areas and provide new jobs for the rural surplus labour locally.

As a matter of fact, the development of township enterprises is playing a positive role in changing the rural production setup, absorbing rural surplus labour, increasing the income of farmers and promoting the development of agriculture. However, some problems which have cropped up in these years warrant our attention.

1. Unsatisfactory results from capital input. Most public facilities of rural towns suffer from low utilization rate, affecting the investment result. For example, cinemas built with funds pooled

by farmers themselves in many places are not used for many months in a year. This makes it difficult to pay their staff, not to say recoup the investment which may amount to about 1 million yuan per theatre.

2. Waste of land. Two serious problems face China's rural areas: one, the tremendous growth in the number of rural surplus labourers and two, the sharp decrease in cultivated land. Since the birth of New China in 1949, the country has reclaimed 500 million *mu* (15 *mu* is a hectare) of wasteland. This, however, has contributed nothing to expansion of the cultivated land, as more than 500 million *mu* of land has been taken up for non-agricultural purposes. Cultivated land decreased at an annual rate of 7.38 million *mu* during the Sixth Five-Year Plan period (1981-85); as a result, the per-capita share of cultivated land dropped from 1.52 *mu* to 1.4 *mu*, and to even less than 1 *mu* in one-third of the provinces.

Large tracts of farmland were occupied by flourishing township enterprises. In the meantime, some farmers, after becoming township enterprise workers, re-

built their homes in the rural areas on a larger scale. These two factors have contributed to the sharp decrease in farmland in recent years.

3. Poor use of resources. Cities occupy a certain area geared to systematically gaining and concentrating economic results. However, the township and village enterprises, numbering more than 10 million, are so scattered that they cannot possibly yield large-scale economic results as cities do. Many of them use obsolete equipment which, be-

In Shuangmei Township, Zhejiang Province, more than 8,000 farmers now work in local factories.

XUE BANG



cause it consumes too much energy, has been discarded by urban industries. Thus it continues to waste energy as well as various other kinds of resources.

Re-employing rural surplus labour locally also keeps up the tradition of wasteful firewood consumption in the rural areas. For example, of the 1.5 billion people who burn firewood in the world, half are Chinese farmers. This results in wasting 90 percent of the bio-energy and seriously damaging the agricultural ecological system.

4. Environmental pollution. The multifarious rural township and village enterprises are polluting the environment. They are much too scattered so that comprehensive treatment is not only costly but hopeless. A test of the atmosphere in seven provinces where 12,000 rural enterprises are located shows that the content of toxicant elements in the air, such as lead, benzene, silicon dust and asbestos, surpasses the standards set forth by the state public health authorities by several hundred or even one thousand times.

This serious situation is being aggravated by the removal of urban industrial enterprises which cause serious pollution to the rural areas. Rivers, wells, air and farmland are becoming increasingly contaminated. For example, 28 million *mu* of farmland has been contaminated, to varying degrees, by small rural industries, accounting for 34 percent of the contaminated area in the whole nation.

5. Demographic pressure on rural urbanization. In the vast rural areas, the traditional idea of "more sons more happiness" still holds sway. Many refuse to accept the policy of one child for one family. But in cities, the government policy on birth control is accepted. Therefore, it is widely acknowledged that the government plan on population would

fizzle out unless efforts were made to press ahead with urbanization in the rural areas where 80 percent of China's population live. Absorbing rural surplus labour locally would only serve to aggravate the population problem in the nation.

6. Unfavourable for the deepening of the reform of the political system and the economic structural reform. Absorbing rural surplus labour locally maintains and actually encourages the existence and development of out-moded production methods, an old-fashioned living style and the traditional peasant mentality. This is unfavourable for eradication of the base for the persistence of feudalism and bureaucratism, adding difficulty to the establishment and perfecting of the new political and economic systems.

In a nutshell, seeking rural urbanization by absorbing rural surplus labour locally is costly, yields poor results and has rather serious side-effects. It is not ideal in the long run.

Therefore, we believe that China must follow laws governing the growth of an industrial economy and set out in the direction of developing "concentration-type" urbanization. That is to say, rural surplus labourers should be encouraged to work in city factories. This would push forward the development of the secondary and tertiary industries in a planned way and promote relative concentration of the population. This would not be achieved in the case of widely-scattered village-run industrial enterprises, which do not conform with laws governing industrial development today, particularly when we face the severe challenge of the new technologies. Encouraging rural surplus labourers to work in cities will help put an end to the separation of industry from agriculture, workers from farmers,

and promote industrial development. At the same time, it will help develop agriculture of scope and create conditions for its modernization.

Medium-Sized Cities

The "concentration-type" of urbanization will focus on the development of medium-sized cities. A feasible plan would be to expand those medium-sized cities which already have a sound infrastructure, adequate supplies of energy and water resources, and a good climate and location into large cities each with a population of more than 1 million; and also to expand about 1,000 well-founded county towns and small cities into medium-sized cities. This effort would be coupled with appropriate control over the construction of extra-large cities and would include reconstruction of some small towns. For the immediate future, efforts should be made to formulate policies and measures which stress reconstruction of the existing county towns. These county towns would then, in the future, serve as the location of major rural industrial projects. Those which have the advantage of good conditions should map out plans for the future in accordance with the needs of the growing medium-sized cities.

People who stand for absorbing rural surplus labourers locally as well as those who stand for encouraging them to work in cities agree in principle that the Chinese people, over 1 billion in all, will in fact remain scattered as they are in villages, towns, and small, medium-sized or large cities. Where they differ is in the number of people who should be respectively located in these places. Those who advocate the absorbing of rural surplus labourers locally hold that the bulk or the overwhelming majority of the rural population



Annual industrial output value tops 100 million yuan in Xitang Village on the outskirts of Qianzhou.

GAO MEIJI

should find jobs in small cities and towns, or in rural industrial enterprises; on the other hand those who advocate that rural surplus labourers be encouraged to work in cities hold that most of the rural population should move into medium-sized cities built with funds pooled by farmers themselves.

Given the various financial responsibilities of the state, it is unrealistic to expect it to earmark a thousand billion yuan for the building of medium-sized and large cities. But relying mainly on farmers to build cities also does not imply that they would spend such vast sums of money for this purpose either. Rather it means the formulating and implementing of policies and measures geared to encourage farmers to invest in the construction of small and medium-sized cities.

Studies indicate that cities with a population of about 50,000 are ideal places in which to live and work; but such cities do

not necessarily yield good economic results. Their economic performance will improve markedly when their population increases to more than 250,000. In China, there are about 70 medium-sized cities with a population of 200,000-500,000. Their economic results are as good as those of large cities with more than 1 million people. The per-capita share of their output value is about 100 percent more than in the small cities with fewer than 200,000 people and much higher than in towns. The road to urbanization characterized by developing rural towns obviously will slow down the pace of national economic development.

We stand for the "concentration-type" of urbanization, which we think conforms to Chinese conditions. Chinese farmers, especially young farmers, long for the advantages of culture and industry in the cities, and the socialist system of China should create and offer them chances to work and live in ci-

ties.

After their survey of a number of Chinese cities and towns, World Bank specialists held that urban development is a natural process and any effort to obstruct it would be very costly. We agree with the second part of the statement, not the first part. The assertion that the development of cities is a "natural" process is true only in capitalist countries, where the uncontrolled, "natural" development of cities leads to the worsening of "city maladies." China's policy should be to "speed up urbanization, limit the construction of extra-large cities and energetically develop medium-sized cities."

Giving priority to building medium-sized cities does not mean forbidding the growth of rural towns. On the contrary, with the further enlivening of the rural commodity economy, rural towns will inevitably become the venue for the collection, trading and preliminary processing of agricultural prod-

ucts, with co-ordinating service trades emerging as the situation requires. They may also develop some smokeless industries which centre around the development of handicrafts and which are connected with household workshops. These towns may in time link up with medium-sized cities to form a city-town network.

Speeding Up Urbanization

The city is the central stage for human activities. Urbanization is the inevitable trend of the world's historical development. Early in the 19th century, urban population accounted for only about 3 percent of the world's total population. The percentage rose to over 14 percent in the early 20th century and reached 42 percent in the 1980s. The United Nations predicted that by the end of the century, half of the world's people will live in cities, and by the mid-21st century, 80 percent. In line with this trend, China needs to speed up the process of urbanization.

Recent years have seen a decrease in the attraction of the main large cities in the developed countries, with more and more people moving to suburban areas. This has led to the formation of a number of small towns. Some American scholars in favour of the Chinese endeavour to develop small cities and towns maintain that the road to urbanization in China, characterized by rural industry plus small towns, is of universal significance for developing countries as a whole.

We hold that these American scholars have overlooked a basic difference in regard to quality and quantity in the process of urbanization, mixing together separate stages of development. In the developed countries, the small town rests on abundant material wealth and advanced science and technology. Thanks to well-developed highway net-

works communications and aviation, people living in these towns have easy access to any city in their country. And the repeatedly renovated large and medium-sized cities persist as centres of the economic, political and social life of these countries. Therefore it would be a mistake to think moving to the suburbs is a "reversal" of urbanization; on the contrary, it represents urbanization on a higher level, and is in conformity with the approaching "age of information."

Generally speaking, urbanization is the inevitable result of industrialization, but not only in a passive sense. The progress of urbanization will in its turn exert enormous influence on the completion of industrialization. The two are not mutually exclusive, still less are they in contradiction. Therefore, only by having a correct understanding of industrialization and urbanization can one reach the correct conclusion.

A representative view is that China is in the process of industrialization along a road which is different from that traversed by Western countries, the most active forces for the Chinese industrial revolution are concentrated not in cities, but in the rural areas. We hold that advocates of this view have overlooked the general law that governs industrialization and urbanization and failed to observe the real developments of economic life in both cities and countryside. Instead, they see only the superficial phenomenon of rural industrial development in isolation. In China, rural industry will develop along the direction of urban industry. Practice in some economically developed regions shows that enterprises scattered in rural towns, especially those which need to introduce high technologies, are merging and moving towards cities to join forces with the industrial enterprise groups there in competing

with their counterparts. Therefore, the problem with regard to the belated development of urbanization must be solved. Rural industry and small towns will serve as an intermediary link in the process of China's industrialization and urbanization.

The development of rural industry provides old-style Chinese farmers with a foretaste of the advantages of modern industry, though still in a limited way, as compared with living in conditions provided by modern industrial civilization. This will lead to changes in the rural production structure and exert an impact on the minds of farmers. However, rural industrial development does not represent China's policy for rural industrialization. It simply represents the result of efforts made by farmers themselves to throw off the trammels of the old economic system and to improve their lives.

Given the fast development of rural industry and rural towns, can China take advantage of this to realize rural industrialization and urbanization? Our estimation may not be optimistic. Rural industry by and large consists of small industries and handicrafts. These are out of tune with the development of the urban large industrial system and moreover depend on the support of urban large industrial enterprises. In China, we hold that there must be an industrial revolution centring around urban large industries. This of course is beyond the reach of rural industry which is too scattered to yield the good results of economy of scope.

The future of rural industry lies in the transition of its major part to urban industry and also in the evolution of a considerable number of rural towns to cities. To this end, we need to give a second thought to some of the present policies and reform many specific systems now functioning. □

Mainland-Taiwan Trade Relations

JINGJI RIBAO
(Economic Daily)

A mutual complementarity clearly exists in mainland-Taiwan economic and trade relations and their co-operation is tending to improve, said Ji Chongwei, secretary in charge of day-to-day work of the Development Research Centre under the State Council and deputy director of the Institute of Taiwan Studies.

According to newsreports in Taiwan, with the deterioration of the investment environment there, many Taiwanese businessmen have turned their sights abroad. After studying investment possibilities in Southeast Asia and the mainland, 70 percent of businessmen intended to invest in the mainland, while only 5 percent wanted to invest in Southeast Asian countries. Ji said that this showed the enthusiasm of Taiwanese businessmen for investment in the mainland.

Formerly, products from the two sides often competed in the international market. With the development of trade contacts and with the increasing number of factories set up by Taiwan businessmen in the mainland, this competitive relationship had begun to turn into a co-operative one.

In addition to further co-operation in trade and investment, Ji Chongwei considers, there is great potential for the mainland, Taiwan and Hong Kong to co-operate in scientific and technological fields. The mainland has a strong scientific research force and many research results, but the process of transferring achievements in research to commodities is too long. While Taiwan and Hong Kong have abundant funds and marketing networks, their capac-

ity for exploiting science and technology is weak. The three sides can combine their advantages and co-operate in production. The products can be first placed on trial sale in the mainland, then in Taiwan and Hong Kong and finally exported to the international market.

As regards co-operative forms of investment, Ji said, an American transnational corporation had recently suggested that some of the high-tech products of its joint venture in Taiwan be manufactured in the mainland. A portion of the products be sold in the mainland and a large number exported abroad. Ji said this was a good idea. In addition, enterprises in the mainland, Taiwan and Hong Kong could establish joint ventures or set up joint ventures co-operatively with foreign corporations. Thus, a strong international economic entity would be formed. It could be a good arrangement of production factors in the mainland, Taiwan and Hong Kong, raise international competitive capacity and benefit the three sides.

As regards the unfavourable trade balance, Ji said that the total volume of indirect trade between the mainland and Taiwan was around US\$8 billion. And the mainland had an unfavourable balance of US\$5 billion. The main reason for this was that the Taiwan authorities had banned imports from the mainland. Now, some mainland products were allowed to be imported, but there were still many limits. Take 1988 for example. The mainland imported US\$2 billion of Taiwan-made industrial products, while Taiwan authorities only allowed US\$500 million of mainland industrial and agricultural raw materials to be imported. This was not reasonable.

Some people had the misgiv-

ings that the people's living standards in Taiwan would be lowered after the reunification of the mainland and Taiwan. Ji said these misgivings were unnecessary. Hong Kong was a good example. Since the implementation of the open policy, economic co-operation between the mainland and Hong Kong was becoming closer day by day. The volume of trade over the past ten years had increased 15 times and the annual output value per head of Hong Kong's population had gone up from US\$4,000 to US\$8,000. As a result, living standards in Hong Kong had been greatly improved. After the reunification of the mainland, Taiwan and Hong Kong, the central government of the People's Republic of China would not collect funds from Taiwan or Hong Kong and the people in the mainland, Taiwan and Hong Kong would not follow the egalitarian practice of "eating from the same big pot."

Ji Chongwei said that in economic matter there were common benefits for people on both sides of the straits. The mainland's trade policy towards Taiwan was becoming increasingly open. The Taiwan authorities should also move with the tide of historical development, open direct trade between the two sides at an early date.

(March 29, 1989)

China's Potential For Grain Output

KEJI XINXI BAO
(Science & Technology News)

Officials with the Ministry of Agriculture recently noted that China has the following potential for increasing grain production.

1) There is 200 million *mu* of wasteland that could be reclaimed. If half of this land can

be used to grow wheat, grain production will increase 12 billion kg a year.

2) Two-thirds of China's farmland is medium- and low-yield land. If the medium-yield land is transformed into high-yield land, and the low-yield into medium-yield, and if the per-*mu* yield increases 50 to 100 kg, the output of the existing 1 billion *mu* of this land will increase 50 to 100 billion kg.

3) At present, the national multiple-cropping index is 150 percent. If the index is raised by 10 percent, the sown area will be increased by 150 million *mu* and grain output will increase by 10 billion kg.

4) At present, 5 billion kg of cereals are used as seeds annually. If the seeds are selected meticulously before sowing, China will be able to save 1 billion kg of cereals a year.

5) A total of 15 to 20 billion kg of grain is lost annually because of plant diseases. If the new technology for the prevention and cure of disease is popularized, the loss of grain can be reduced.

6) The annual rate of grain loss is 30 percent. If the rate can drop to 10 percent, China's grain loss will be reduced by 10 billion kg a year.

7) Spreading the growing of hybrid rice and hybrid corn may increase China's grain production by 3 billion kg.

8) The use of plastic membranes in corn production on half the sown area could help increase the per-*mu* yield by 100 kg, bringing the total output up to more than 10 billion kg.

9) The use of new compound fertilizer technology will help raise fertilizer efficiency by 20 percent. If another 3 billion kg of chemical fertilizer is applied every year, grain output could increase by several billion kg.

10) Natural disasters hit 100 million *mu* of farmland annually. If successful efforts are made

to reduce the disaster-afflicted area, China's annual grain loss could drop by 10 billion kg.

(January 2, 1989)

Decade of Change For Farmers

NONGMIN RIBAO
(Farmer's Daily)

First, essential changes have taken place since the implementation of the household responsibility system with remuneration linked to output. Farmers are no longer commune members. They have become independent commodity producers. Actually, the 201.68 million farmer households have become 200 million mini-enterprises.

Second, the farmer households are divided into agricultural and non-agricultural households. According to 1987 statistics, there were 857.13 million farmers and 108 million of them went in for non-agricultural production, which contributed part or all of their income. The 108 million farmers belonged to about 70 million households, accounting for 35 percent of the total number of agricultural households.

Third, the living standards of farmers have greatly increased. Some farmers have become rich.

The income gap among farmers has widened distinctively. In 1978, the per-capita net income was 134 yuan and the per-capita grain consumption was 298 kg, including 122.5 kg of wheat flour and rice. The per-capita net income reached 462.55 yuan, averaging a 10 percent increase annually and the per-capita grain consumption was 254 kg, including 211 kg of wheat flour and rice. Living expenses averaged 398.29 yuan per person, which was 282 yuan more than in 1978, or a 14.6 percent increase annually. Allowing for price rises, the annual increase was 11 percent. Most farmers in China have enough to eat and wear.

Fourth, farmers' families have become smaller. In the countryside today, over 70 percent of the family heads are under 40. Their political understanding is better than that of their older counterparts.

Fifth, farmers' traditional ideas are changing. After the change in land proprietary rights and management right over the past 30 years, many farmers have become somewhat indifferent to the land. They are ready to go wherever they are allowed so long as they can quit farming. Many prefer to work in the cities.

(January 11)



Hard Drive on Soft Drinks

Despite sugar being in short supply and government restrictions on the production of ring-pull cans, China's output of soft drinks increased 30 percent in 1988 to reach more than 3 million tons. This year's volume is predicted to grow another 10 percent.

At present, China has 3,000 soft drink factories, most of them concentrated in the coastal regions and the northeast. Guangdong Province is the largest producer—last year it poured out 790,000 tons, almost a quarter of the national output.

To rationalize production, several soft drink enterprise groups have been set up in the last two years. The three largest are Guangdong's Asian Aerated Water Group, the Jianlibao Group and the Chongqing Tianfu Cola Group.

Now China's soft drink companies can meet domestic demand, some of them have started to look abroad for new markets. Last year, more than 7,000 tons of drinks were exported, with mineral water (70 percent of all overseas sales) and Jianlibao (16 percent) leading the way.

However, according to You Xin, a chief engineer at the Ministry of Light Industry, the worldwide dominance of Coca Cola and Pepsi Cola means China's biggest potential overseas sellers are natural juices and health drinks. In 1988, he said, the country started to export seabuckthorn, kiwi fruit and blackcurrant juices to Japan and Southeast Asia.

To expand production of fruit juices, increased areas of land are being sown with plants producing high vitamin C fruit such as seabuckthorn, blackcurrants, kiwi fruit, pears and passion

flower. In the northeast, for example, 20,000 hectares have been given over to blackcurrants, and two production lines capable of producing 2,200 kg of blackcurrant juice an hour have been bought from Switzerland and Sweden. In north China, seabuckthorn is now grown across 26,000 hectares, with the fruit going to make 16 kinds of products.

Another focal point in recent years has been the development of protein-rich products such as soya milk, peanut butter, coconut milk and almond paste. Already equipment capable of producing 18,000 tons of soya milk annually has been bought from Japan, Sweden and China's Taiwan.

To prioritize development of China's natural juice industry, the government has restricted production of foreign soft drinks. However, it does encourage overseas companies to enter partnerships with Chinese firms in the production of fruit juices and other natural drinks.

by Han Guojian

Tapes Enter World Market

Negotiations are being held for the export of Chinese magnetic and video tapes to the Soviet and East European markets. Already, an agreement for Poland to buy 500,000 magnetic tapes has been signed.

The seller, Jiangnan Tapes Co. Ltd. in Wuxi, Jiangsu Province, is a Chinese and American joint venture. General-Manager, Chen Guimin says the company has spent more than U.S.\$15 million in importing six production lines

and the necessary advanced technology from the United States. It will produce 8 million video tapes, 12 million magnetic tapes and 5 million sound tapes a year. While some tapes are sold on the domestic market, the greater part will be exported. Last year, the company sold video tapes worth US\$200,000 to the Federal Republic of Germany.

This year, the company had been recognized by the provincial authorities as an enterprise equipped with advanced technology and capable of earning foreign exchange. The video and magnetic tapes are up to international standards and have attracted the attention of businessmen who have come from the United States, Canada, Iran and Hong Kong.

Chen is optimistic about the export future of the company. He said that exports this year would top US\$1 million. Three years later, if the exports could increase by 80 percent, the company's foreign exchange earnings would reach US\$20-25 million a year.

by Yao Jianguo

Medicine for Ailing Firms

China International Economic Consultants (CIEC) have joined forces with US Arthur Andersen to launch a "company doctor" service aimed at helping foreign-invested businesses in China with financial or management difficulties. The partnership was announced in Beijing on May 3.

CIEC Deputy General Manager Zhu Qiyuan said that around 10-15 percent of the 6,000 joint ventures in operation at the end of March were experiencing problems of one form or another. One of the most common problems was securing new credit or



Italian style: Working with imported Italian machinery in the Badaling Shoe factory.

XUE CHAO

renegotiating loans.

The doctor service, the first of its kind in China, aims at helping companies by investigating their finances and identifying existing and potential problems in operation, management and marketing. As well as offering advice, the service will help find new sources of supplies and intercede on behalf of companies with financial institutions and local authorities.

Ailing ventures can also expect aid on matters such as business plans, credit re-organization, new products and markets, optimizing sales and selling property. If necessary, the service will even suggest company mergers.

Zhu said that as China opened wider to the world, such a service would prove indispensable to normal economic life.

Since the beginning of last year, CIEC has been called in to work with around 20 foreign-invested enterprises. It has offered information on difficulties with export quotas, debts and relations between joint venture partners and their boards of directors.

by Yao Jianguo

Italian-Style Leather Shoes Find Favour

Italian block-style leather shoes for women have found a ready market in the capital. The Bar Dar Ling Leather Shoes Company of Beijing imported from the Italian firm Despa 33 sets of shoe-making equipment which can produce more than 500 pairs a day. And supply has fallen short of demand.

The imported production line consists of two parts: components processing and assembling. It thoroughly improved the previous situation where shoes were made by hand. Some 2.5 million yuan including US\$400,000 were invested in the line. It is designed to produce 1,000 pairs of shoes a day and work efficiency will be four times greater. At present the line has mainly produced shoes for women with most of the raw materials coming from China. But it will also produce shoes for men. Products made by the company have been sold in Australia, Canada, the United States, Cuba, the Federal Republic of Germany, France, Kuwait and the Soviet

Union as well as Hong Kong. Operation of the new production line is expected to increase the company's exports.

by Li Ning

Sino-Chilean Firm Opens

Diplomats from eight Latin American countries joined Beijing Mayor Chen Xitong and others for the start-up of the Beijing-Santiago Copper Tube Co. Ltd., a venture between China and Chile.

The US\$10.64 million venture augurs well for other joint undertakings with Chile which has a quarter of the world's resources of copper, said Yuan Yinping from the Beijing National Non-ferrous Metals Industrial Corp., one of the partners along with Chile's Wrought Copper Ltd.

The contract, signed in early 1987, runs for 15 years.

The plant is located in Shahe Town on the northern outskirts of Beijing where many other

nonferrous metal producers are sited.

With a workforce of 200, it will produce 5,000 tons of high-quality copper tubing a year. The annual output will increase to 10,000 tons in two years and will reduce the country's imports of tubing, which are needed by the refrigeration, automobile and chemical industries.

Currently the country is able to produce only about 80 percent of the tubing its industries need.

The main production line was imported from the Wednesbury Tube of Britain for about US\$3 million. The line is up to technical standards of the early 1980s.

The venture will export half of its products, mostly to the Middle East and Southeast Asia.

It is expected to earn US\$16 million in foreign exchange annually and this will more than

pay for the importation of the raw materials it needs.

The investment should be fully recouped within four or five years, said Li Yuming, a company official.

Since China and Chile established diplomatic relations in 1970, trade between the two countries has jumped from a negligible amount to US\$154 million last year.

China's imports from Chile are mainly copper, paper pulp and timber while its exports to that country are petroleum and light industrial products. An official of the Ministry of Foreign Economic Relations and Trade (MOFERT) said there is strong potential for expanded trade and economic co-operation between the two countries.

Yuan said in an interview with *China Daily* yesterday that stu-

dies are under way to set up a gold mining joint venture between the Beijing Gold Company and Chile National Mineral Co.

He said the Beijing Gold Company is sending a second team of experts to Chile in July to carry out more feasibility investigations.

A letter of intent between the two countries was signed late last year to jointly operate the Jesus Maria Gold Mine, 805 kilometres from Santiago.

Yuan said China hopes to form joint ventures in copper mining in Chile and intends to set up two more equity joint ventures in China with Chile to produce precious copper scrip and copper cable.

The MOFERT official said that negotiations also are under way for China and Chile to start joint ventures in fisheries, metallurgy and agriculture. □

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A Study of Radioactive Species

A seven-year health ministry study says that the Chinese get a 68 percent higher dose of radiation than the average amount received in other parts of the world.

The report found that natural radioactive soil is the main source of exposure for humans. Other radioactive sources, says the report prepared by the Health Ministry's laboratory section, were found locked into the biosphere. It's in the water we drink and even the food we eat.

When asked how this relatively high natural radioactive count could effect us, Zhang Shurong, the lab's deputy researcher said, "It's still under study."

Zhang and her colleagues found that the evidence collected over 17 years in Yangjiang County, Guangdong Province, indicate that the high radiation rate there has not led to an increase in the number of reported cancer tumors.

The study has found that China has 2.3 times the world average of ^{232}Th radioactivity, 1.6 times the average ^{40}K -type radiation and 1.5 times the ^{238}U -type radiation.

South China had a natural radioactivity level much higher than the north with Jiangmen in Guangdong Province measuring the highest, while areas to the north of the Changjiang River all measured lower than the national average. Beijing, Tianjin and Inner Mongolia all measured in the lowest radioactive categories.

According to the scientists, the distribution of radioactive species in soil is connected with the geological structure, and is particularly dependent upon the parent material when the soil is formed.

When parent material belongs to a magmatic rock category, like

granite, radioactivity is higher than that whose parent material belongs to the sedimentary rock.

Part of the reason for China's higher radioactivity could be in granite that constitutes one-fourth to one-third of the country's bed-rock acreage.

To the south of Changjiang River, especially in Guangdong, Fujian, Jiangxi and Guizhou provinces, the source of most soil is mid-acid granite and basalt that both belong to the magmatic rock category.

In Yangjiang County, the radioactivity degree of ^{232}Th in the soil is 32 times the country's average and 11.7 times the average level of ^{238}U -type radiation.

The report said the main cause of artificial radioactivity in the soil was dust left behind from nuclear explosions in the atmosphere.

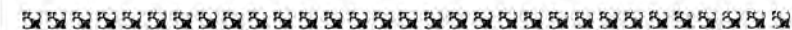
Between 1945 to 1980, the United States, Britain, the USSR, France and China carried out a total of 423 atmospheric nuclear explosions.

Although south China leads the north in natural radioactivity, artificial radioactivity from these explosions increases as one goes further north in the northern hemisphere.

Artificial radioactive content only accounts for 0.45 percent of the total radioactive species in soil. "It's far beyond being a threat to human being," insists Zhang.

The report which is described as filling in large gaps of knowledge about China's radioactive soil content had seven scientists probe the soil of 29 provinces, municipalities and autonomous regions and is expected to lay much of the framework for future radiation protection plans.

□



Handicapped Creates The Impossible

In April, a national art exhibition of the handicapped was held in Beijing, with 138 products selected from more than 1,400 pieces by handicapped artists from all over the country, including traditional Chinese paintings, calligraphy, oil paintings, sculptures and other artifacts. Though created by the handicapped, these works have a strong artistic appeal and provide deep insight into the value.

Many of the handicapped artists saw the exhibition as a good opportunity to show their talents and persistent struggle for self-realization and were deeply in-

spired by it.

Several months ago, when Gao Ge, a paraplegic paralyzed from the waist down, heard that a national art exhibition of the handicapped would be held in Beijing, he began to paint day and night in his sickbed. Although a single painting meant 7-8 hours of bitter struggle, he completed more than ten works.

"I do this not simply to show off my paintings. I want to let the whole society understand the unyielding spirit and outstanding talent of the handicapped," Gao said.

Chen Ersheng, a veteran sol-

dier who lost both hands, presented one of his calligraphy works to the exhibition and took second prize.

Chen began to practice calligraphy five years ago after he retired. Holding his calligraphy brush between his two arms, he first found it extremely difficult to make a single stroke of a Chinese character.

But with great persistence, he went on with his seven or eight hours of daily practice. Often he refused to have meal or sleep until he completes a satisfactory work.

A year later he won a prize in a calligraphy competition in Bei-

A fair size crowd watches as the magic flows from Chen Ersheng's calligraphic brush.



jing and took several more awards the following years.

In 1987, his work was selected for an exhibition commemorating the 50th anniversary of China's victory in the anti-Japanese war and the 60th anniversary of the founding of the People's Liberation Army. He got another boost after the Military Museum of the Chinese People's Revolution added one of his works to its national collection.

Chen, a member of the China Elderly Association of Traditional Chinese Painting and Calligraphy, says the practice of calligraphy holds therapeutic value

since it has improved his physical and mental condition. Moreover, it has given him a purpose in life, letting him contribute to society.

A blind artist from Fujian Province, Shen Bingshan, won a special prize at the Beijing exhibition. His water and ink work titled *Lotus* was highly acclaimed for its even composition and natural and flowing strokes.

Shen, aged 55, was born into an artistic family and began to study painting as a child. But life dealt a bitter blow when he lost his sight at the age of 27.

But Shen did not give up. He overcame various difficulties and made possible the impossible by creating his "blind" paintings.

For more than 20 years, he did a great number of paintings in a world of total darkness. These included paintings of gourds, grapes, flowers and birds in vivid and lively detail. Shen is build-



A traditional painting by disabled artist Chang Huibin.

ing up for a one-man show this May in Fuzhou, capital of Fujian Province.

Then there is Chen Wuzhang, a deaf-mute from Shanghai who won second prize for his wooden baserelief sculpture titled *A Blind Child*. The piece, a yellow image, is carved on a black base, is about the size of a newspaper page.

The picture, a portrait of a blind child, naive and calm, captures the kid's potential wisdom. The sculpture exaggerates the child's hair which are cut out of twig-like decorations.

Part of the exhibition's success may be due to the organizers who are also handicapped.

They have done a great deal of work in preparing the exhibition. Most of the exhibits were carried to the exhibiting site on motor cycles and bicycles that were specially made for the handicapped.

by Feng Jing

Modern Warrior's Trip to China —A Quest for the Spirit of Martial Arts

Modern Warrior is a unique martial arts school in the USA. There are many reasons for this uniqueness, but one of the strongest is our attitude of openness and sharing towards other forms of martial arts.

Because there is violence on American streets, many of our students are police officers, lawyers, victims of crime or instructors of other styles of martial arts. In short, at Modern Warrior, we teach survival under extreme combat conditions. Over the years we have gained a reputation for training some of the best fighters in our country.

Of course, it feels good to have such a reputation. But like all things, there are also some bad points to it.

One of the bad points is that we must always be on guard for those who come to our school for the wrong reasons. That is why we have one of the most difficult screening processes in the country.

Another bad thing about such a reputation is that when people come to you only to learn to fight they often lose sight of the real spirit of martial arts. That is why I decided to bring some of my students to China, to help them find the tradition, culture, philosophy and spirit of true martial arts. I am happy that I made such a decision.

Although this trip was very expensive in terms of money, my students will return to America much richer than when we left. What we have seen and learnt here will make us better martial artists; and for me and my senior students, it will also make us better teachers.

We have been impressed with many things we have seen here.

Among the most impressive was our teacher, Master Liang. His friendliness, kindness and sense of humour made us feel very proud and honoured to be his students, even for just six days.

His staff worked very hard, to teach what must have seemed like a group of awkward Americans, things that were totally alien to us.

We came here to learn and learn we did; we came to share and share we did. Because of this I will go back to America and encourage as many as possible to come to this wonderful land and learn and grow as we did.

I will praise the Chinese countryside, the Chinese culture and

the Chinese traditions. But most of all I will praise the Chinese people, because they are the true greatness of China.

There is no way that I can properly thank the Chinese people except to say that I leave this place a better and wiser person; and as I continue my quest for knowledge and wisdom, and a small part of me will always remain in China.

"Wisdom does not belong to those who possess it.

Wisdom belongs to those who seek it."

**by Phil Messina,
President-head Instructor
of Modern Warrior**

* Not long ago Phil Messina led a group of students on a short study tour to Shaolin Temple on Songshan Mountain in Henan Province. Shaolin is one of the birthplaces of China's *wushu* (martial arts). This article was written by him before he left China.—Ed.

'China Orient Expresses' Keep Puffing

After China's very own system of *China Orient Express* tourist trains started running long and short distances domestically in 1985, they became the delight of foreign tourist groups.

This year the *Orients* are getting their routes further expanded. In August one will run from Shandong's Qingdao, a seaside resort, to Shijiazhuang, the capital of Hebei Province. Another in the special series of trains will run between Beijing and Tianjin.

In October a further line will start running from Beijing to Luoyang, Xian, Nanjing, Shanghai, Hangzhou, Guilin, and finally on to Guangzhou before its return journey.

There is even a special Silk Road train in the *China Orient's* network that will start chugging this October.

It has also been announced that the short-distance *China Orient* trains that run between Beijing and Qinhuangdao will be cut from 32 to 24 later this year, but that the Shanghai-Suzhou-Wuxi shuttle trains will be increased from 81 to 100 this year.

According to information from China's railway department, special trains that once carried former state leaders Mao Zedong, Liu Shaoqi and Zhou Enlai, are being taken out of mothballs and will run across China as special tourist cars.

In addition, the carriage that once was used by China's last emperor Puyi is under renovation. Tourists will be offered a taste of how Chinese royalty once travelled.

by Han Baoheng



Modern Stone Reliefs

Stone reliefs that once graced many buildings throughout Shandong Province during the Han Dynasty (206 BC-220 AD) have made their comeback after ages of being left out in the dark.

Decorative carved reliefs of flowers, birds, insects and animals are increasingly finding their way onto stone pillars next to the doors of newly built village homes.

The new kind of modern stone relief shown here is appearing in the western part of Shandong and is characterized by vivid and exaggerated styles which are best expressed through its clear and simple design.



ART PAGE

Chinese Trumpet Creeper: Trueran Gauze



Cloth woven and made by good-quality trueran and natural cotton yarn:
Pure terylene products include two-ply, three-ply and four-ply skein and cheese;
Trueran blended gauze has a variety of mixed ratios;
Trueran yarn includes varied counts of carded, combed single-ply and two-ply as well as the waxed-cheese;

Trueran yarn includes grey cotton, bleached cloth, dyed cloth printed or dyed shirting. Our variety of fabrics include fine cloth, fine spun, poplin, voile, seersucker, linen, Oxford spun, yarn spun fabric, drills, khaki drills, jacquard, brocade and corduroy.

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