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## Bush Defines America's New Soviet Policy



**OVERSEAS TIES BOOST  
QUANZHOU'S TRADE**





A farmer rejoices over his bumper harvest.

*Photo by Wang Weihao*



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**COVER:** Three enterprises in Quanzhou: Top left, the Anxi Fenghua Clothing Factory, a joint venture run in partnership with a Hong Kong company. Top right: the factory of a farmer-entrepreneur making candles for export. Bottom: processing Anxi Ti-Kwan-Yin Tea, one of China's most famous teas.

**Photos by Zhang Changjiang  
and Lu Yun**

## Deng Meets Commanders of Martial Law Enforcement Troops

□ Deng Xiaoping, chairman of the Central Military Commission, met senior commanders from the martial law enforcement troops in Beijing on June 9. In a speech to the commanders, Deng showed how the recent counter-revolutionary riot had come about and what it had tried to achieve. He highly praised the contributions made by the People's Liberation Army in putting it down. He reaffirmed the correctness of all the policies pursued since 1978 (p. 4).

## China's Authorities Call for Quelling Riot

□ The CPC Central Committee and the State Council issued a joint statement on June 5, saying that Beijing was in a critical situation as the result of a counter-revolutionary riot, which was aimed at negating the leadership of the Party and the socialist system. The People's Liberation Army was compelled to quell the riot, said the statement (p. 5).

## Notices Issued To Restore Order

□ The headquarters of the martial law troops of the People's Liberation Army and the municipal government of Beijing issued several notices and announcements in order to restore the order in the city (p. 5).

## Quanzhou: The Silk Road Over the Seas

□ Standing on the coast of Fujian Province, and long known as "the Silk Road Over the Seas," Quanzhou is the ancestral home of an estimated 4 million Chinese living in Hong Kong and Macao. Today, these ties have put this coastal city in an enviable position for attracting foreign investment, and further strengthening its 600-year history of foreign trade (p. 15).

## US Government Policy Towards Moscow

□ The Bush administration's Soviet policy is slightly different from that of the later period of the Reagan administration. It stresses that the United State and the Soviet Union have not yet ended the cold war and the Soviet Union is still the "main opponent," and maintains vigilance against Soviet intentions. At the same time, it will co-operate more with Moscow to solve some of the issues they face (p. 10).

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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Deng Xiaoping meets the commanders of the PLA martial law enforcement troops. PLA CAMERAMAN

## Deng Hails Armymen

**D**eng Xiaoping, chairman of the Central Military Commission, and other senior Chinese leaders in Beijing on June 9 met with major commanders from the martial law enforcement troops in the capital.

Other Chinese leaders including Yang Shangkun, Li Peng, Qiao Shi, Yao Yilin, Li Xiannian, Peng Zhen, Wan Li, Wang Zhen and Bo Yibo were present at the meeting, which took place in Zhongnanhai, site of the Party Central Committee and the State Council. Chen Yun, who was absent from the meeting, sent a message of tribute to the martial law enforcement troops.

After posing for a picture with army commanders, Deng made his speech.

At his suggestion, all the people present stood in silent tribute

to those servicemen who died in putting down a counter-revolutionary rebellion on June 3.

He also extended his regards to injured commanders and servicemen from the People's Liberation Army and armed police forces and public security personnel, as well as to all the servicemen who imposed martial law in Beijing.

Addressing the army commanders, Deng said, "This disturbance is independent of man's will. A very small number of people first staged turmoil, which virtually developed into a counter-revolutionary rebellion. They are attempting to overthrow the Communist Party, to topple the socialist system and to subvert the People's Republic of China to establish a bourgeois

republic.

"In putting down the counter-revolutionary rebellion, the People's Liberation Army, the armed police and the public security personnel displayed very high consciousness and withstood tests.

"While their lives faced danger, our army officers and men did not forget the people, the Party's teaching and the interests of the state. Our army is worth the people's army and the bastion of iron for the state. This test has shown that the army is qualified. This fully shows that our army is always the defender of the State, the socialist system and the people's interests.

"This incident has impelled us to think over the future as well as the past sober-mindedly. It will enable us to carry forward our cause more steadily, better and even faster and to correct our mistakes faster and better carry forward our strong points.

"The political line, principles and policies formulated at the Third Plenum of the 11th Central Committee of the Chinese Communist Party are correct.

"Adherence to the four cardinal principles (the socialist road, the people's democratic dictatorship, the leadership by the Chinese Communist Party and Marxism-Leninism-Mao Zedong Thought) and adherence to policies of reforms and opening to the outside world with the modernization construction as the central task for the Party are all correct and should be firmly carried forward. The basic political line and the basic policies and principles will remain unchanged.

"However, we should seriously sum up our experience and carry on what is right, correct the errors and make great efforts to improve what is unsatisfactory. In a word, sum up the present and see the future." □



## Counter-Revolutionary Riot Quelled

The Central Committee of the Communist Party of China (CPC) and the State Council issued a joint message to all Party members and the people of the whole country on June 5, saying that the Chinese capital is now in a "critical state," as a result of the "shocking counter-revolutionary riot" instigated by a handful of people with ulterior motives.

The riot, which began early on June 3, was aimed at "negating the leadership of the Communist Party, destroying the socialist system and overthrowing the People's Republic," the message said.

It was under such circumstances that the People's Liberation Army (PLA) was compelled to take action to quell the riot. In the course of the action the PLA martial law units "tried their best to avoid bloodshed, but some casualties, nevertheless, occurred, mostly involving military personnel," the message said.

An initial victory had been won in putting down the riot, but the counter-revolutionary riot had not been completely quelled, the message said.

It urged all Communist Party members, Chinese people from all walks of life and other patriots to support the Party and government in opposing the riot and help maintain law and order in the city, "and not let themselves be misled by rumours."

At a press conference for Chinese journalists on June 7, State Council spokesman Yuan Mu disclosed that over 5,000 officers and men of the PLA were

wounded in the action which began on June 3. Also wounded were over 2,000 civilians (including rioters who committed crimes and on-lookers who did not know the truth).

"As for the death toll," Yuan said, "the initial calculation was nearly 300, including army men and civilians."

"The dead students from all Beijing Universities and colleges numbered 23," he added.

Yuan said China is not afraid of world opinion's "condemnation" or "sanctions."

"Before I came to this conference," the spokesman said, "I asked the leading comrade of the State Council for instructions and he asked me to make two points through the media.

"First, we are not afraid. No matter what means they use — condemnation or sanction — the Chinese government and people

will never allow them to interfere in China's internal affairs," he said.

"The struggle we are waging to curb the turmoil is one that decides the fate of the Party and the country; if concessions are made on this question, you will not dare to take actions, and the People's Republic will be overturned," he said, adding "then, what use is there for you to take loans and technology from them?"

"Second," he said, "we hope world opinion, foreign statesmen and governments will not be so short-sighted, but take views."

"Although we are in difficulties, and the Party and the state are at a critical moment, the Chinese Party and government have the ability, measures and determination to overcome these difficulties," he said.

At the press conference, Zhang Gong, director of the political department of an army unit of

the martial law enforcement troops, said, "Between 4:30 to 5:30 on the morning of June 4, when the martial law enforcement troops were clearing out Tiananmen Square, they shot no student or civilian to death, and military vehicles did not run over any person — no person was run over and injured or killed."

□



An armed vehicle burnt by rioters at Liubukou in Beijing on the evening of June 3.

LI JING

## Troops Ordered to Restore Order

On the afternoon of June 3 the headquarters of the martial law troops of the People's Liberation Army (PLA) and the municipal government of Beijing issued three public notices and announcements. Fol-

lowing are excerpts:

A public notice given by the troops of the PLA enforcing martial law said:

The PLA has received orders to come to impose martial law in parts of Beijing to carry on the



mission of curbing the turmoil and safeguarding social tranquility in the capital.

In the past few days, however, a handful of people have spread rumours, viciously defaming and attacking the troops. They are also sowing dissension between the troops and the people by using dirty tricks, instigating some people to intercept and smash military vehicles, snatching arms, beating the officers and soldiers, interrogating and examining soldiers, impeding the action of troops to impose martial law and deliberately creating disturbances to expand the turmoil.

The notice continued: Nobody should under whatever pretext illegally intercept military vehicles, impede and harass the PLA, or obstruct the troops imposing martial law from fulfilling their tasks.

Those who do not listen to our advice, but act wilfully to defy the law, the notice said, the troops enforcing martial law, public security forces and the armed police troops have the right to use all means to forcefully remove them. The organizer and the troublemaker will be responsible for all the consequences.

An urgent public notice given jointly by the Beijing Municipal People's Government and the headquarters of the troops enforcing martial law in Beijing said:

The situation in Beijing at present is very serious. More serious riots can occur at any time. From now on, please do not come onto the streets and do not go to Tiananmen Square. The masses of the workers and staff members should stand fast at their posts. Residents should stay at home so as to secure their personal safety and to avoid unnecessary losses.

Another announcement issued by the Beijing municipal government and the headquarters of the martial law enforcement troops said:

In the early morning of June 3, some of the martial law enforcement troops of the PLA were ordered to march into the city to protect important points. Due to the rumour-mongering and instigation of a very small number of people, some people who did not know the truth were incited to set up road blocks at many crossroads in the city, preventing some of the troops from entering. For this reason, the Beijing municipal government and the headquarters of the martial law enforcement troops announced:

One: The PLA has been ordered to come to Beijing to enforce martial law and the move is entirely aimed at protecting the interests of the masses of the people and is by no mean directed at the broad masses and students.

Two: In this serious political

struggle that concerns the future and destiny of the state and the nation, PLA troops must carry out the martial law tasks as planned and no one should prevent them. Should they be prevented, the martial law enforcement troops will take various self-defensive measures and all means to remove the resistance.

Three: All people of the city should stay at their posts and observe the martial law orders. They should not listen to and believe rumours and go to the streets as on-lookers, and they should consciously maintain security and social order in the capital.

Four: Resolute crackdowns and severe punishment should be meted out for all illegal criminal activities such as beating, smashing, grabbing and burning and violating social security. □

## Beijing's Situation Returns to Normal

**A**s martial law enforcement troops are patrolling the streets of Beijing, more and more residents are seen shopping or going to work and some of them are found chatting with soldiers.

Road blockades have been cleared. Streams of bicycles are seen moving on both sides of the streets and public transport service has been restored.

According to the Beijing Public Transport Company, 130 of the 174 bus lines have become operational since June 10. The four bus lines which run through the northern edge of the Tiananmen Square have also resumed operation.

The subways went into operation three days earlier.

Some big industrial companies, such as the Capital Iron and Steel Complex and the Yanshan Petrochemical Corporation, have all along maintained normal

production order in the days of chaos.

Many medium-sized and small shops began to open June 9 and big department stores are preparing to open full business hours in two days. In downtown areas as Wangfujing Street, most shops have resumed business with many customers calmly selecting their goods. Banks and deposit agencies are busy with their business.

As most traffic is restored to normal, postal service has become operational. The city's Education Bureau issued a circular calling on all the primary and middle schools, which have been suspended for nearly a week, to resume classes no later than June 12.

Meanwhile, Mayor Chen Xitong called for an immediate full restoration of production and work to recover the losses caused by the counter-



revolutionary riot which occurred in the city early this month.

He made these remarks on

June 10 at a meeting attended by more than 400 leading officials from the city's industrial sector.

□

## US Interference Protested

The Chinese government expressed "its profound regret" June 7 over US President George Bush's statement making accusations against China concerning its domestic situation and declaring suspension of all US arms sales and commercial arms exports to China at the governmental level, as well as suspension of mutual visits by military leaders of the two countries.

The Chinese foreign ministry announcement said that the US government made flagrant accusations against China regarding something which is exclusively China's affair. It is apparent that Washington has taken a unilateral action to bring about the deterioration of relations and is exerting pressure upon the Chinese government, which China finds completely unacceptable.

The Chinese government expressed the hope that the US will refrain from any action which could harm bilateral relations in view of the overall interests of US-Chinese relations, and its own long-term interests.

The Chinese government announcement said that "what is happening in China is China's internal affair," and that the "Chinese government is completely capable of quelling the current rebellion in Beijing."

The announcement, though mostly concerning the US reaction, is in essence addressed to all other countries, setting out the hope that all foreign countries, organizations and individuals, who have friendly relations with China, will refrain from any kind of interference into China's internal affair.

The announcement further said that the Chinese government will continue implementing the policy of reform, opening up towards the world and its independent policy.

On June 7, China reacted strongly to the US embassy giving sanctuary to two well-known dissidents, astrophysicist Fang Lizhi, a research fellow at the Beijing Astronomical Observatory of the Chinese Academy of Sciences, and his wife Li Shuxian, an associate professor at Beijing University.

An official statement said that "in recent years, Fang Lizhi has attacked the socialist system and abused the Party and government in talks he made with reporters from the US and other

countries."

The US side is clear about Fang's attitude and the fact that it has provided him with refuge is "interference into China's internal affairs," the statement said.

Chinese Vice-Foreign Minister Zhu Qizhen said in a June 8 appointment with US ambassador J.R. Lilley, "We have learnt that Fang Lizhi and Li Shuxian have entered the US embassy in China to seek so-called 'protection,' and that the US embassy has granted them refuge, an event already confirmed by White House spokesman Marlin Fitzwater on June 6.

"This action of the US embassy constitutes malicious interference into China's internal affairs. We hereby express our profound regret and lodge a strong protest, and will closely follow further developments," Zhu said.

An arrest circular for Fang Lizhi and Li Shuxian has been issued by the Beijing Municipal Public Security Bureau.

□

## Peng Stresses Law and Order



Peng Zhen

Peng Zhen, former chairman of the Standing Committee of the National People's Congress (NPC), called for unified thinking in line with facts and in accordance with the Constitution and the law.

Peng was entrusted by the Central Committee of the Communist Party of China (CPC) to call a forum last May 26 of some democratic party leaders who are also vice-chairpersons of the NPC Standing Committee to discuss the current situation.

Addressing the forum, Peng said the recent student demonstrations were held out of "good, pure, kindhearted and constructive motives.

"Their objective is to overcome the shortcomings and mistakes in our work, and to better the country and the socialist cause. This is consistent with what we demand.

"However, their ways and means are not so proper. They don't have much knowledge of the law. As they lack political

experience, they do not have enough vigilance against the very small number of conspirators and bad elements who took advantage of the situation to create turmoil."

Peng's speech stressed the need to use facts as well as the Constitution and other laws as the basis for unifying people's thinking on current issues.

The first issue he cited was the constitutional basis for opposing bourgeois liberalism.

He said that according to the Constitution, China is a socialist republic led by the working class. The authority is not a bourgeois dictatorship but the people's democratic dictatorship.

Therefore, he said, it is a violation of the Constitution to conduct acts of bourgeois liberalization in China (the essence of bourgeois liberalization is opposition to socialism and the leadership of the Communist Party — Ed). It also goes against the basic interests of people of all nationalities, and runs counter to the Party's position.

The opposition to bourgeois liberalization, Peng Zhen pointed out, is a general principle for unifying people's thinking. As long as this issue remains unsolved, the thinking will not be unified. "Problems within the have also developed from this," he added.

The second issue Peng discussed was whether the situation in Beijing constituted a state of turmoil, judging both from facts and a legal standpoint.

Peng quoted the Constitution as saying, "Citizens of the People's Republic of China enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration."

Therefore legal demonstrations, he said, are not turmoil.

Peng also referred to another article of the Constitution which stipulates that while citizens ex-

ercise their freedoms and rights, they may not infringe upon the interests of the state, of society and of the collective, or upon the lawful freedoms and rights of other citizens. The Criminal Law also forbids anyone to disturb social order by any means.

"Now the state activities cannot be conducted normally, and even Gorbachev's welcoming ceremony and agenda had been disrupted," Peng said.

"Isn't this a turmoil?" he asked.

Peng argued that the turmoil has damaged the national, social and collective interests.

The third issue discussed by Peng was whether the State Council's decision to impose martial law in parts of Beijing was constitutional.

Peng was for the State Council's measure, describing it as conforming to the Constitution.

He said that according to relevant articles of the Constitution, the State Council has the right to decide on the enforcement of martial law in parts of provinces, autonomous regions and municipalities directly under the Central Government.

Peng pointed to another article in the Constitution which stipulates that the NPC Standing Committee may annul those administrative rules and regulations, decisions or orders of the State Council that contravene the Constitution or the statutes.

In his speech, Peng stressed that the State Council's decision on the imposition of martial law in Beijing is absolutely in accordance with the Constitution.

"How can the NPC Standing Committee not support it?" he asked.

At the end of his speech, Peng said all organizations and individuals must abide by the Constitution and other laws. All people are equal before the law.

He said, "We must uphold the rule of law and oppose the arbi-

trary will of individuals."

He reiterated that no one should have the privilege to act above the Constitution and laws of the state, and that the questions raised by the masses should be settled through democratic and legal means including consultations.

Peng asked the vice-chairpersons at the meeting to try their best to find ways to unite both the students and other people around the Communist Party and the government so as to end the turmoil and restore order.

Attending the meeting were Zhu Xuefan, chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang; Fei Xiaotong, chairman of the Central Committee of the China Democratic League; Sun Qimeng, chairman of the Central Committee of the China Democratic National Construction Association; Lei Jieqiong, chairwoman of the Central Committee of the China Association for Promoting Democracy; Zhou Gucheng, honorary chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party; Yan Jici, honorary chairman of the Central Committee of the Jiusan Society; and Rong Yiren, chairman of the All-China Federation of Industry and Commerce.

The vice-chairpersons voiced their anxiety over the current situation. They said they were not willing to see a promising nation turn into a hopeless and chaotic one, for that would not benefit anyone.

At the present critical period, they said, China should adhere to the leadership of the Communist Party while the non-Communist democratic parties should enhance their cooperation with the Communist Party so as to stabilize the situation and solve existing problems



through democratic and legal means.

Some of the vice-chairpersons also voiced their expectations and suggestions. They said that the students' patriotic enthusiasm should be fully affirmed and resolutely protected, their reasonable demands on many major questions should be taken into earnest consideration, and a

clear distinction should be drawn between the broad masses and a very small number of conspirators.

Also attending the meeting were Ding Guangen, alternate member of the Political Bureau of the CPC Central Committee, and Yan Mingfu, member of the Secretariat of the committee. □

## Tobacco Bosses Plunder Weak

There were 400,000 Chinese smokers who didn't participate in No Smoking Day last May 31. For them it didn't matter. Smoking killed them last year, just as it killed another two million people around the world in 1988.

Women, children, the poor and innocent are the new victims of the tobacco barons desperate to boost their profits.

Faced with growing unpopularity and anti-smoking laws in the developed nations, tobacco companies have been forced to seek out and develop new markets among those least resistant to their come-ons.

That means targeting sales at new groups, particularly youth and women, throughout much of Asia.

One study shows that over 7 percent of Chinese women are smokers, mostly under 35 years old and often still in college or high school.

The timely theme of this year's No Smoking Day was the tobacco industry's victimization of these women.

National anti-smoking groups at the May 30 Beijing forum heard how female victims, besides dying from tobacco-linked cancer, heart, lung, blood and respiratory diseases, are even more susceptible to tobacco toxins because of their physiology and child bearing role.

The Marlboro Man has even

marred the health of newly born babies with his deadly spurs. A study showed that 11 percent of pregnant smokers gave birth to premature babies, many diseased, 300 grammes below the average weight of a normal healthy child.

The tobacco industry through subtle promotions has made many females believe that smoking will promote their social lives, enhance their grace and beauty and even help them absorb the glamour of Western film stars.

In its quest for profits, the tobacco industry has seen nothing wrong with addicting China's youth. Tobacco sponsorship of sport and cultural events pushes smoking upon young people as a superior form of social activity. Smoking is also promoted by TV dramas that regularly show leaders puffing the weed.

A recent survey taken at 10 middle schools, three professional schools and four primary schools in Xuzhou City, Jiangsu Province, found that 60 percent of the boy students were occasional smokers while another 20 percent were habitual smokers.

According to the 74 youths surveyed, some of the students had been smoking for eight years.

Another survey taken last month in Nanking showed that over 23 percent of the 207 young smokers questioned were under 13 years of age.

The Chinese government is also caught between the fight to end

smoking and the large revenues it gets from the tobacco tax that makes the industry the state's biggest taxpayer.

With over 430,000 staff and workers in the over 2,000 tobacco enterprises, it's understandable why much of the anti-smoking legislation, proposed at the First Session of the Seventh National People's Congress last year, has been kept at the study stage.

Last year China even played host to the Ninth International Tobacco Scientific Congress in Guangzhou, probably because it would have been difficult for the tobacco bosses to meet in any Western nation without being criticized. China with 300 million smokers is taken by them as being the last huge market for the global tobacco trade.

An official with the World Health Organization said that foreign cigarette companies are waging a new "opium war" in China in which they encourage Chinese people to smoke the cigarettes they have dumped in this country in great quantities.

Trade figures from the first half of last year showed a 68 percent increase of foreign cigarettes compared with the same period of the previous year. China, meanwhile, has been glutted with more than 85 percent of Hong Kong's total tobacco exports.

Often a smoker thinks of the immediate enjoyment he receives from smoking and not the long-term costs he will incur on his family, society and himself. Like the tobacco addict, many politicians are also blinded by the immediate profits they gain from this "opium."

What's not considered is the estimate that 2 million Chinese will be dying annually from tobacco-linked illnesses in 2025 unless harsh smoking restrictions are soon made.

Statistics, like these, will mean little to individuals murdered by tobacco long before that date.

by Li Xingjian

# Bush Administration's Soviet Policy

**While the Bush administration supports the reform in the Soviet Union, it is taking every opportunity to bring pressure to bear on Moscow to make more concessions in disarmament talks, regional disputes and on the issue of human rights.**

by Wang Baoqin and Ni Tongjun

**T**he Bush administration in the United States has focused its attention on assessing and deciding on its policy towards the Soviet Union. It maintains that the "biggest diplomatic challenge" to the United States is to respond to the reform in the Soviet Union and Moscow's foreign policy changes from the standpoint of the interests of the West. The outline of this policy can be distinguished in articles published in US newspapers and a series of speeches made by key officials recently.

## Main Views

The main views of the Bush administration on the Soviet domestic reform are: (1) Mikhail Gorbachev, the Soviet leader, is carrying out a fundamental reform in his country. As it is focused on dealing with some internal affairs and seeking a comparatively peaceful international environment, it accords with the interests of the West. The threat of the Soviet Union to the West will be reduced. (2) Gorbachev will not be overthrown in the coming three or five years and even if he is thrown out in the future, his reform will not stop although some goals may be lowered. (3) The economy and politics of the Soviet Union may develop into pluralistic ones and its attitude towards the United States may become more friendly during Gorbachev's reform which is directed at making the Soviet Union stronger and the number one modernized country in the

world. (4) Although the Soviet Union is still militarily powerful and the main opponent of the United States, it will not carry out an aggressive policy or be involved in new regional conflicts in the short term because of its economic difficulties. It is taking some measures to cut down its military strength.

Based on the above judgements on the Soviet Union, the main points of the Bush government's policy are:

1. Cautiously making use of every kind of contradictions. The Bush administration has apparently adopted the attitude of neither helping nor harming Gorbachev's reform. In fact it is pursuing a middle road between the hardliners who advocate putting pressure on the Soviet Union to make more concessions and the moderates who maintain that the United States should help Gorbachev in his reform and positively respond to his peace proposals. It would rather try to bring the Soviet Union back into the world order than simply contain Soviet expansionist attempts. However, although the United States welcomes and supports some reforms of Gorbachev which are advantageous to the West, it will lose no opportunity to fish for its own benefit in disarmament talks, regional conflicts and on the issue of human rights and will also remain vigilant on the Soviet attempts to strengthen its competitiveness as a big power in the world. Washington will continue its policy of seeking security

through strength.

2. Making use of disarmament talks to cut down the strength of the Soviet Union and urge it to really practise "defence strategy" so as to reduce or even remove its military threat to the United States. Bush government thinks that some new military policies of the Soviet Union, such as the defensive doctrine of "reasonable sufficiency" and the "defence strategy," mean that there has been a great change. But the US government should not lower its vigilance towards the Soviet Union before such changes become reality. While continuously increasing its military strength and keeping strong military pressure on the Soviet Union, the US government should urge the Soviet Union to turn its defence strategy into reality through disarmament talks. The Bush administration considers that priority should be given to the disarmament talks on conventional weapons in Europe. The North Atlantic Treaty Organization (NATO) wants to cut down the number of tanks, guns and armoured vehicles of the Warsaw Pact countries because it believes the Pact's superiority in these weapons has formed a major threat to Western Europe. The Soviet Union has agreed with a "non-reciprocal disarmament" principle. That is, the Warsaw Pact should cut down the number of these weapons to the same level as NATO and then the two sides should begin reduction equally. Bush has praised this principle as



a start of a great important process. But NATO does not agree to cut down its fighter planes and helicopters or list its navy as one field of talks. In addition, it insists on modernizing its short-range missiles deployed in Europe and resuming the talks on halving the strategic weapons of both the United States and the Soviet Union. Bush has still failed to work out a package plan for the strategic arms reduction. However, it is reported that the Bush government will be more insistent on cutting down the number of Soviet ground missiles than was the government of Ronald Reagan.

3. Forcing the Soviet Union to further wind down its forces in some regional conflicts so as to expand US influence in the world. Bush considers that Gorbachev's policy towards the third world has indeed changed greatly and Soviet efforts in third world countries are likely to be wound back. But Gorbachev still wants to maintain the influence of Soviet agents in third world countries and Washington considers such Soviet policy a big obstacle to the United States in its attempts to expand its world influence. As a result, the Bush administration has demanded that the Soviet Union cooperate more with the United States on ending the regional conflicts in Central America and the Middle East as well as in the Horn of Africa, on the promise that it will ease its relations with the Soviet Union and increase its trade with

it. The aim of the Bush government is to urge the Soviet Union to make more concessions on regional conflicts or reach agreements which will be advantageous to the United States. At the same time, the Bush administration is continuing to provide a great deal of assistance to "guerrillas" in an attempt to completely overthrow or weaken pro-Soviet or pro-Vietnamese regimes and establish governments friendly to the US in Asia and Africa, for example in Afghanistan, Angola and Kampuchea. In Central America, the US government is trying to use political means to urge the Nicaraguan government to adopt a fundamental change of policy. At the same time, it has repeatedly demanded that the Soviet Union stop its military assistance to the government of Nicaragua. In the Middle East, the Bush government has found every excuse

to put off the convening of an international meeting with the Soviet Union as a member. It is trying to limit the role of the Soviet Union in the Middle East so that its own plans can prevail.

4. Adopting different approaches towards East European countries and promoting their access to the US on a basis similar to that of Finland. The Bush government will supply Hungary and Poland with economic assistance but restrict its economic and other relations with the German Democratic Republic, Czechoslovakia, Romania and Bulgaria. However, the US government will try to prevent anarchy in Eastern Europe and any movements by countries there to separate from the Warsaw Pact so that the reforms in Eastern Europe will not be stopped halfway through suppression by the Soviet Union.

Mikhail Gorbachev (right), Ronald Reagan (centre) and George Bush met on Governor's Island in New York Harbour on December 7, 1988.



## Major Steps

The Bush administration is taking the following steps to carry out its new Soviet policy:

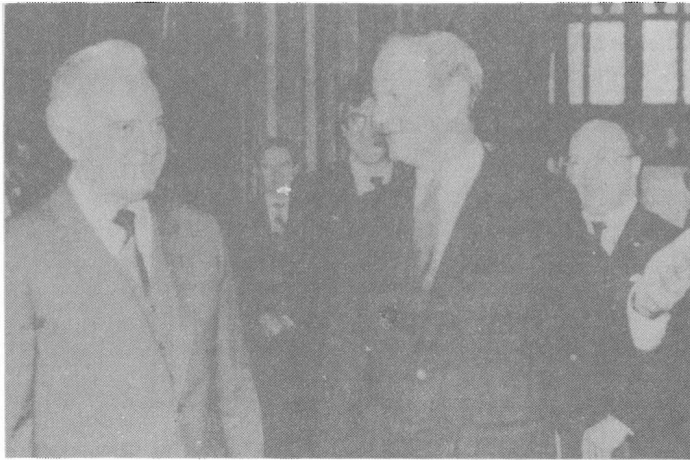
1. Reinstating the cancelled Reagan government policy of linking the attitude of the Soviet Union towards ending the conflict in Central America, promoting peace in the Middle East and the limitation of missile and chemical weapons proliferation with the gaining of technology from the West. The Bush government is using this as a means of supporting Gorbachev's reform and pressing for more concessions. Bush suggested that if the

Soviet Union carried out policies advantageous to the improvement of relations between the two countries and maintenance of world peace, the US government would consider abrogating the law hindering their mutual trade.

2. Trying to coordinate its policy towards the Soviet Union with its allies in Western Europe. The Bush government has stressed repeatedly that NATO is the core of US foreign policy and that it will not shift its focus from Europe to the Pacific because of its greater involvement in the affairs of Asia and the Pacific region. It pledges that it will consult with its allies on East-West relations, protection of the environment and international trade. It attempts to unite its allies through accepting some of their proposals and strengthening its position to compete with the Soviet Union and defend the interests of the West. It is reported that the Bush government's Soviet policy after reassessment approaches that of "opening up and maintaining vigilance" formulated last year by the European Community. The US government will continue to carry the commitment of defending its West European allies and use this as the major means to maintain its relations with and exert influence on them. The Bush administration has reiterated that it will not withdraw its forces from Europe in an effort to remove West European worries over US separation of its defence from that of Europe.

### Developing Trend

The relationship between Washington and Moscow is tending towards relaxation and cannot



Soviet Foreign Minister Eduard Shevardnadze (left) held talks with US Secretary of State James Baker in Moscow on May 10, 1989.

be significantly reversed. The short-term strategy of the Bush government is to gain benefits by taking advantage of Gorbachev's new thinking on arms control, regional conflicts, East European and human rights issues. Like the former Reagan administration, it openly supports Gorbachev's *perestroika*. Furthermore, it hopes that the Soviet reform will succeed and that Gorbachev will continue to rule his country so as to avoid his replacement by those who would be more hostile towards the West. On the part of the Soviet Union, Gorbachev is facing many difficulties at present and, therefore, needs to relax relations with the United States and other Western countries to win a peaceful international environment in order to continue his *perestroika* and consolidate his domestic position with successes in the diplomatic field.

From the long-term strategic point of view, the United States cannot only pursue the strategy of confronting Soviet expansion. It also needs to relax its relations with the Soviet Union to strengthen its national power to deal with the economic challenges of Japan and Western Europe and with the threats against US security from third world countries resulting from the spread of sophisticated military technology and

the appearance of new-born, big military powers, terrorism and the current spread of drug trafficking and smuggling. As for the Soviet Union, it can maintain its position as a great nation and avoid relegation to second or third class status, only if it can relax its relations with the United States and other Western countries, concentrate its efforts on domestic re-

form and draw funds and technology from the West to develop its national strength comprehensively.

However, competition is still the leading factor in US-Soviet relations, and Europe may again become the focus of rivalry between the two countries. They each want to relax their relations and each has its own plans to attempt to weaken its adversary and strengthen its own power. Besides the rivalry for superiority in outer space, they pay much attention to raising the quality of weapons while reducing the quantity. In fact the Soviet Union is speeding up sophisticated military research, developing new types of arms and equipment, improving army organization and training methods and raising its all-round fighting capability to meet the requirements of war in the 21st century. The Bush administration continues to develop the Strategic Defence Initiative and particularly develop and deploy strategic nuclear weapons and is actually strengthening its capability to fight wars of low intensity.

It is worth notice that the focus of struggle between Washington and Moscow will possibly return to Europe. The main target of the US and Soviet strategies had been Europe until the early 1960s when, with the change in the stra-



tegic situation between the two countries, their focal point of struggle turned to the third world. At present the temperature of "hot spots" in the third world has generally fallen and they are tending towards political settlement. However, the situation in Europe is entirely different: To reduce conventional weapons has become the kernel of US-Soviet talks on arms control and the East European issue is the main item on their agenda. The Soviet Union is advocating "European building," trying to sow discord between the United States and Europe and destroy NATO. This year is being called Gorbachev's "European Year" because during it he will visit many European countries. The United States is adjusting its policy, with a view of firmly uniting with its Western allies and preserving NATO to deal with the Soviet challenge.

There may be greater substantial progress on some issues between the United States and the Soviet Union than that of the latter part of the Reagan administration, but the warmth of their relaxed relationship may be lower than that of the last period of the Reagan government. Arising from their own respective needs, the two nations will probably reach agreement on some major issues during Bush's term. For example, they will possibly reach agreement or partial agreement on conventional disarmament in Europe (they have already made substantial progress on this issue); they will also possibly reach an agreement on reduction of strategic nuclear weapons (90 percent of this issue is resolved.). They will possibly agree on the Nicaraguan issue (the Soviet Union has stopped its military aid to Nicaragua). The number and scale of the joint ventures set up by the two countries will probably grow greatly. Although the Bush government opposes giving large loans to the Soviet Union, considering them support for its

"adversary" before seeing an obvious change in Soviet policy, it has agreed to set up joint ventures with the Soviet Union. It believes this will probably promote the transformation of the Soviet economy into a market economy. However, disregarding the urgency of Gorbachev's desire to improve relations with the United States, the Bush government intends to slow down the speed of their development and reduce the relaxed atmosphere. The reason for this is that the vigilance of the Bush administration is greater than that of the Reagan administration in its latter period. The Bush government does not agree with the views of Ronald Reagan and George Shultz that "special relations" have been established between the United States and the Soviet Union or that they have "ended the cold war" and "entered a new epoch." Instead, it stresses that the two countries have not yet ended the cold war and the Soviet Union is still the "main opponent," and maintains

vigilance against Soviet intentions. The Bush government is afraid that the greater warmth of a relaxed US-Soviet relationship will lead Western Europe to consider that the Soviet threat towards the West has been reduced or has disappeared. Thus it may be unwilling to undertake the task of confronting the Soviet Union and even may doubt the existing value of NATO.

But the United States and the Soviet Union will conduct more co-operation in solving some of the issues which they face. They have been consulting about regional hot spots and preventing the spread of nuclear weapons. The research institutes of the two countries have conducted extensive studies and exploration of guiding principles on bilateral co-operation and future relations. Obviously, while continuously confronting and competing with each other, they will co-operate more than in the past in protecting the environment and opposing terrorism, drug trafficking and smuggling. □

## The Arab League: Unity Strengthened

**The recent Extraordinary Arab Summit, which focused on the Palestinian problem, the Lebanon issue and Iran-Iraq relations, has achieved successes in strengthening Arab unity and promoting the Arab cause.**

by Lin Jiaoming

**T**he recent Extraordinary Arab Summit, which ended in Casablanca on May 26, has made a new advance in strengthening Arab unity and promoting the Arab cause with Egypt returning to the Arab League and relations among Arab countries eased. These have added a new chapter to the history of the League.

The summit meeting, which focused on the Palestinian problem,

the Lebanon issue and Iran-Iraq relations, showed that the Arab countries have gradually moved towards national unity and dealt with the internal and external affairs of the Arab world from a moderate, realistic and coordinated position, and that the spirit of reconciliation has replaced 10 years of division in the Arab world.

People have noticed that several Arab countries which had been

involved in deep antagonisms in the past have begun to ease their relations. Such relaxation certainly has profound significance and influence.

Leaders of Egypt and Libya, Syria and Egypt, Syria and the Palestine Liberation Organization (PLO) met in Casablanca for the first time for

many years. The relaxation trend will not only result in the normalization of bilateral relations between these countries but also prove the Arab nation can surmount internal differences and achieve national unity.

The Palestinian problem has always been a centre of Arab attention. Arab countries have paid a great price for seeking a common, moderate strategy for the settlement of the Arab-Israeli conflict. The moderate Arab stand to settle the Palestinian problem through political negotiations has been developed from the Fez Resolution of 1982 to the resolution of the 19th session of the Palestine National Council last year.

The recent summit again reaffirmed the stand of peaceful negotiation, and UN Security Council Resolutions 242 and 338 were included in a formal document of the League for the first time. This is another new step on the basis of the Fez Resolution, following the PLO's recognition of Israel and announcement of the birth of the Palestine State. This also shows that, while indirectly recognizing Israel's existence, the League has also asked the international community to recognize the Palestine State's legitimate right to existence. The action marked the Arab countries' support for the PLO's stand of peaceful negotiation and will contribute to promoting the Middle East peace process.

The summit has decided to set up a supreme committee headed



Egyptian President Hosni Mubarak at the opening ceremony of the summit on May 23.

by King Hassan II of Morocco for international contacts on behalf of the League to promote the peace process and the convocation of an international conference. This undoubtedly was great support for the Palestinian peace initiative which is under way.

Before the summit, US and Soviet leaders respectively wrote to King Hassan II to exert influence on the League to accept the election plan put forward by Israeli Prime Minister Yitzak Shamir. Although the leaders of the League countries all support the PLO in its refusal of the plan which aims at suppressing the Palestinian uprising and abolishing the PLO's representation, the meeting also expressed readiness to accept elections under international supervision after Israel's withdrawal as a part of the settlement of the Palestinian problem, thus giving room for manoeuvre in their future political trials of strength with Israel. This strategy was a clever answer to the superpowers and favourable for gaining international sympathy and support for the Palestinians.

The summit had a long and heated debate on the Lebanon crisis. Most countries consider that the fundamental settlement of the crisis depends on the withdrawal of all foreign troops. Iraq, Jordan and Egypt opposed Israel's occupation of Lebanese territory and also proposed Syria withdraw its troops.

Syria, however, flatly rejected

the proposal. Finally, the meeting compromised by stressing the achievement of a reconciliation of the two sides in Lebanon and calling for safeguarding Lebanon's sovereignty and territorial integrity. The meeting's final statement rejected any attempt to divide Lebanon

and supported the unity and reconciliation of the Lebanese people.

This, in fact, is to put the matter aside to allow the leaders of Morocco, Saudi Arabia and Algeria to mediate, first, to achieve a ceasefire, and then to secure the election of the country's president. The summit has decided to form a committee composed of King Hassan II, King Fahd of Saudi Arabia and Algerian President Chadli Bendjedid to help restore peace in Lebanon. But, generally speaking, the prospects for a quick solution to the Lebanon crisis give no cause for optimism.

The meeting's final statement also supported the ceasefire between Iran and Iraq and urged the two countries to continue their efforts to consolidate peace and achieve stability.

The participants considered that so long as each session of the Arab summit can achieve one result, the Arab nation can take one step forward. Obviously, it is unrealistic to expect one meeting to resolve all the questions left over by history during the past decades. Egypt's return to the League and the easing in the relations among Arab countries are enough to add a brilliant new chapter to the history of the Arab League.

The final statement, the common voice of the Arab people, will lay a sound foundation for the Arab world to move further toward unity and promote the Arab cause. □



# Business Booms in Quanzhou

by Our Staff Reporter Lu Yun

**Q**uanzhou lies on the coast of southeastern China's Fujian Province. A famous cultural city, its history can be traced back more than 1,000 years. Nearby Huozhu Harbour (once known as Citong Harbour), 10 kilometres from the city proper, has been one of China's major trade ports since the 14th century. Because of this, Quanzhou has played a major role in the history of China's ties with the rest of the world, particularly in trade, and has long been dubbed "the Silk Road Over the Seas."

Falling within its 10,865 square kilometres are seven counties and a city, with a total population of 5.3 million. One-quarter of these people are either returned overseas Chinese or the relatives of Chinese nationals

now living abroad. Overseas Chinese and compatriots living in Hong Kong and Macao from Quanzhou now number some 4 million, while many Taiwanese regard the area as their ancestral home.

Because of Quanzhou's close ties with Hong Kong, Macao and Taiwan, many advances have recently been realized in the development of an export-oriented economy. The region has more than 68,000 township enterprises, which employ around 500,000 people. These turn out almost two-thirds of Quanzhou's total industrial and agricultural output value and generate one-third of the city's revenue. Since 1979, its exports have doubled in value.

More recently, overseas investment has risen rapidly. By

1988, approval had been given to 231 joint ventures—12 more than nine years ago and with 62 percent more investment. Last year, Quanzhou signed more than 3,000 contracts with a total value of US\$70 million to process imported raw materials and earned US\$28.1 million from overseas construction contracts and labour services.

## Glove Story

One of Quanzhou's successful export businesses is Ke Xian-dao's glove factory, which has a 20-year history of selling its products overseas. The local foreign trade bureau, customs and commodity inspection department, as well as customers, all praise the company as being "thoroughly reliable" both in

terms of goods supplied and meeting its contracts on schedule.

Because of this, the company became the basis of the Quanzhou Glove Factory Co. Ltd., established in 1985 with a partner from Hong Kong. Ke was appointed general manager with full powers to handle all the joint venture's business affairs and day-to-day running. The company pays close attention to the quality of all its products, using a system of mutual inspection. Every day, techni-



A workshop in the Quanzhou Glove Factory.

cians examine product samples; they commend workers with high quality output, and shame those who have performed badly by hanging a wooden sign on to their sewing machines.

The company now produces windcheaters, as well as more than 200 kinds of gloves. It enjoys rights to handle its own overseas trade independently and can deal directly with foreign companies all around the world.

As well as offering normal trading facilities, the company also processes supplied materials, undertakes compensatory trade, imports raw materials and trades in semi-manufactured goods.

Ke's flexible management techniques—which include offering floating prices to cooperative businesses and different forms of accounting depending on the customer—have secured increasing numbers of clients for the company. Its products now sell well in 18 countries and regions in Europe, America, the Middle East, Southeast Asia and Hong Kong

**Weaving baskets in the Anxing Rattan-Work Co. Ltd.**

and Macao.

### Rattan Works

Chen Qinghe is the general manager at the Anxing Rattan-Work Co. Ltd. in Anxi County, a rather poor and backward mountain county outside Quanzhou City. His company is a subsidiary of two other firms—another one from Anxi and the Wuye Co. Ltd. of Hong Kong. The latter is owned by Zeng Xingru, who combines his work with being president of the Anxi Association of Fellow Townsmen of Hong Kong. Zeng's business is principally a garment manufacturing and aquatic products concern, but he has found diversification into rattan-work, a low-investment and high-return project—even though Anxing is economically backward and handicapped by poor communications.

The agreement founding the Anxing Rattan-Work Co. was signed in February 1984. The same year, more than 200 new products from the factory were sent to the Guangzhou Trade

Fair, and the volume of business came to US\$540,000. The goods were exported to the United States in December that year.

By the end of 1988, the company had established trade relations with 62 companies in 22 countries and regions—among them the United States, Britain and Australia. The initial investment has long since been recouped, with total exports now standing at US\$14.6 million and total profits at 7.78 million yuan.

Zeng has continued to work hard with the company. After sending a colleague to investigate rattan production in Taiwan, he set off himself to visit a rattan factory in Guangdong. Once the company was up and running, he delegated day-to-day management to the Chinese side so he could concentrate on gathering information on markets and customers in Hong Kong.

General Manager Chen is a graduate of an arts and crafts school. Not only has he been designing handicraft articles for many years, but he was once the director of a bamboo-weaving factory. Since his move to Anxing, he has directed his attention to ensuring the products coming out of his factory meet the demands of international markets. This has meant trips overseas to Hong Kong, the United States and Canada, which in turn resulted in a simple but stylish rattan basket that has sold well in Europe and the United States.

One of Chen's promotional specialties is to demonstrate his rattan weaving skills on the spot—a trick that went down particularly well in several cities in the United States.



At the Guangdong Fair held twice a year, the Anxing Rattan-Work Co. now consistently displays more than 300 different products. Not only do prospective buyers always have a wide range of new goods to look at, but, like Chen, company representatives can knit rattan into new items in front of a client's eyes and discover what she or he wants.

In this way, Chen and his assistants keep well-abreast of market trends. Indeed, to make sure they have goods for every taste, they have turned out more than 1,000 different products in the last few years.

To satisfy its ever-increasing body of customers, the Anxing Rattan-Work Co. now has 62 subsidiary workshops and factories in 15 townships. Its total work force now stands at 6,700 and its annual wage bill at 10 million yuan. In Anxi, it has successfully helped 5,000 households to throw off the slough of poverty.

The company's strong performance has encouraged Zeng to increase his investment in the mainland. In January last year, the two sides of the joint venture diversified into manufacturing Western-style suits for export, and more recently they have imported advanced equipment for manufacturing silk flowers.

### New Technology

While the Anxing Rattan-Work Co. relies on reworking traditional skills, the establishment of the Tianquan Refrigerator Factory has brought new technology, techniques and skills into Quanzhou. Although elec-



Wu Yanzan (centre), a farmer-entrepreneur from Shishi City, inspects garments for export.

tric fans have long been manufactured in the area, before the 1980s it had no history of refrigerator production.

The factory got going through co-operation from many quarters. Its equipment was brought from Italy's Siltal. The Ministry of Aeronautics and Astronautics sent 30 technicians to oversee installation and maintenance of the equipment, and another joint-venture refrigerator factory passed on advice on the basis of its own experience. As workers were recruited they were sent on tours to other refrigerator factories in Guangzhou, Shanghai, Anhui and Jiangxi for training.

The factory was completed and went into operation in 1986. In 1987, more than 20,000 refrigerators were manufactured, all of them of 4-star quality—the highest grade in China. Now, the factory is running at its designed capacity, turning out 100,000 units a year.

Its operating profits to date stand at nearly 30 million yuan, and it is estimated that the ini-

tial investment will soon be recouped.

As well as the factory's own 1,000 strong work force, drawn from the unemployed of Quanzhou, it has given industry throughout the region a boost, helping the development of dozens of component factories manufacturing plastics, spare parts, electric appliances and packaging materials.

Huang Tianzhu, 42, is the factory's general manager. A graduate of the Machine Building Department at Fuzhou University, he worked as a director in the Quanzhou Household Electric Appliances Factory before joining Tianquan.

He said importing advanced technology was the key to the factory's success. Its refrigerators sell well in Fujian, Jiangsu, Zhejiang and northeast China, and in 1988 some 1,000 were sent to the Soviet Union.

According to Huang, the Hong Kong company which invested in the factory is satisfied with Tianquan's performance. The factory's next step, he



said, was to start exporting around 30 percent of its output.

One of his main tasks at present, Huang said, was encouraging refrigerator component manufacturers to improve the quality of their goods. He added that the factory, however, was trying to become more self-contained—this year, it would begin making its own compressors, as well as expanding its refrigerator range to include a three door model.

### International Jackets

In the last six years, more than 2 million hand-made woolen jackets have found their way from the Jianlian Textile Factory through traders in Hong Kong and into the high street stores of Japan, North America and Western Europe.

But despite its name, the Jianlian Textile Factory does not have a single workshop. Instead, it assigns all orders for jackets to some 50 processing centres scattered around the Quanzhou region.

The company's origins date back to 1982, when two Hong Kong clothing traders, Yang Guisheng and Dai Yuying, visited Quanzhou's Association of Industry and Commerce. They suggested the idea of the factory, and proposed that their friend, Xue Tianxi, become the manager. With

20,000 people unemployed in Quanzhou, the association eagerly acceded to the scheme.

To get production going rapidly and to keep costs low, Xue Tianxi organized a system of processing at many sites. To encourage productivity, wages were set low, but high bonuses were easily obtainable. At the same time, a system of work insurance was introduced in place of a pension scheme.

As well as setting up the company, Dai continues to work there. Dai, now 70, concentrates on designing new garments, and improving technological stan-

dards in processing centres.

The rapid changes in taste in the international clothes market have called for great flexibility in the company's working practices. Because of this, Xue encourages his staff to put Jianlian's reputation above everything else.

This means that deadlines have to be met—however short they are. A customer once asked the factory to supply a dozen samples for an exhibition in the United States. As the customer had made some modifications to the design of the jackets, Xue only had two days to get them

made. He arranged for some workers to work through the night, and then sent someone specially to Shenzhen to ensure the customer received the samples.

Although this cost the factory more than 1,000 yuan, the money was paid back many times over when orders for more than 10,000 garments flooded in after the exhibition.

Another time, a Hong Kong merchant sent in an order for 6,400 jackets to be completed within a week. Although the factory was already working at full capacity with orders from other clients, Xue mobilized an extra night shift. The order was successfully completed, and ever since the merchant has been one of Jianlian's best customers. □

Workers grade Oolong tea in the Anxi Tea Factory.

Photos by LU YUN



# Following in the Footsteps of Confucius

by Our Staff Reporter Lu Yun

Confucius is the most famous political theorist, philosopher and educator of ancient China. Yet not only are his theories still alive, but a 76th generation descendant, Kong Lingren, is continuing his practice of combining social and political thought so as to benefit society.

Kong works as a professor of modern Chinese economic history at Shandong University. She is editor-in-chief of *The Economic History of Modern China*, one of the state's key educational projects for the 1986-90 Seventh Five-Year Plan period, and leads a group of academics in case research on another key project concerning the economic history of modern China.

In drawing up the book's outline, Kong and her colleagues broke with the traditional method of basing economic history solely on class struggle and political events. Instead, they decided to stress changes in economic relations and economic structure and to analyse how economics and politics were related. Although the task is formidable, Kong is confident it will be finished on schedule in 1991.

Kong has also played a leading role in editing *Biographies of Entrepreneurs in Modern China*, recently completed and due for publication later this year. The book assesses the contribution of entrepreneurs in recent Chinese history, concluding they have played a double-edged role: promoting social development while exploiting workers. Their success was no accident. Combining Western experience with Chinese conditions, they introduced effective management expertise into enterprises despite having to compete with foreign

capitalism and domestic feudalism. Such a scientific analysis of their strengths, weaknesses and experiences, Kong believes, should help China's current programme of socialist construction.

Kong combines her work with being vice-president of the China Confucius Foundation, vice-chairwoman of the Central Committee of the China Democratic League and vice-chairwoman of the Shandong Committee of the Chinese People's Political Consultative Conference. As a descendant of Confucius she believes she should strive to add both honour to her ancestor and contribute knowledge to society. She is a great supporter of China's advocacy of mind emancipation and "seeking truth from facts"—seeing things as they really are. She also praises the strict adherence of recent years to the policy of "letting a hundred flowers blossom and a hundred schools of thought contend."

In these favourable circumstances, she says academic research on Confucianism has grown increasingly more active. Since Qufu, Confucius's hometown, held its first symposium on Confucianism in 1984, similar events have taken place across the country almost every year, culminating in 1987 in an international symposium on the "Master's" thought. Preparations are currently under way for another large-scale international symposium in 1989 to mark Confucius' 2540th birthday. Kong maintains such activities will play a vital role in China's efforts to inherit those parts of the country's traditional culture suitable for contemporary socialist society, as well as promoting international academic exchanges.

Kong herself has already travelled abroad several times. Through contacts with foreign academics she knows that Confucianism has exercised a far-reaching influence on the world—and that people cherish special feelings for his descendants.

At the invitation of the US-Chinese Academic Exchange Committee, Kong visited the United States in 1985 as an expert on modern Chinese economic history. She was welcomed wherever she went and invited to give lectures on Confucianism, visit libraries with collections of Confucian books and have her picture taken in front of statues of Confucius. Some people even discussed the possibility of establishing an international Confucianism research centre. In the library at the University of Oregon, she saw a prominently displayed copy of the *Selected Data Preserved at Confucius' Mansion in Qufu* she had helped co-edit. And at the University of California at Berkeley, she saw a big-character poster of one of Confucius' famous remarks, "I soul-search three times everyday."

Kong has also attended international symposia on Confucianism in Japan, Singapore and Hong Kong. At all of them she took the opportunity to talk with her counterparts from Taiwan and welcomed them to visit Qufu.

From all these academic activities, Kong has come to realize that many of Confucius' views are still of use today. She is convinced that research on Confucianism will continue to unfold both at home and abroad in the future. She believes that research should stress his remarks on social morality and ethics, developing new interpretations applicable for social life today. □

## FACTS AND FIGURES

## China's Retail Markets in 1988

The economic order of China's retail markets suffered a severe mauling in 1988. Inflation hit 18 percent, there were several outbursts of panic buying, and sales turnover increased dramatically. As a result, many problems cropped up, the like of which had never been witnessed since 1949.

The government's implementation of a package of counter-measures served to improve the economic environment and rectify the economic order during the last few months of 1988 and the opening months of 1989. But while the market may appear more stable at present, many potentially destabilizing factors remain.

**Growth in Retail Sales:** Total retail sales hit 744 billion yuan in 1988—27.8 percent more than in 1987, and the biggest year on year increase since 1949. The real growth rate, after taking inflation into account, was 7.9 percent. The biggest difference of growth rate between months was 19.3 percentage points, a record high.

This growth was characterized by several features in particular:

- **Rising sales of consumer goods:** Total sales of consumer goods reached 192.9 billion yuan, 31.1 percent greater than in 1987 (12.9 percent in real terms).

Panic buying forced up sales of large consumer durables. Sales of black and white televisions rose 33.2 percent while colour televisions rose 17 percent. Other previously less popular items also enjoyed brisk sales: electric fans up 36 percent, washing machines up 31.5 percent and tape recorders up 18.8 percent.

Even slow-selling goods such as the "three old larges"—sewing machines, watches and bicycles

—showed increased sales, rising 8.9 percent, 7.1 percent and 14.9 percent respectively.

Sales of cloth goods totalled 107.1 billion yuan, up 21.4 percent over 1987 (8.1 percent in real terms).

Sales of food basically met demand, although in some areas there were bursts of panic buying involving cereals, edible oils and table salt. Total food sales reached 354.1 billion yuan, up 28.2 percent over 1987 (4.4 percent in real terms). Most major foodstuffs enjoyed a greater volume of sales, with only pork and sugar dropping slightly.

- **Continued growth in group purchasing power:** Since the beginning of 1988, the Chinese government has stressed the need to curb group purchasing power. This has resulted in a small drop in the sales of 29 specially controlled commodities such as cars, motor cars, copying machines, sofas and cameras.

However, group purchases of non-controlled goods (accounting for more than 80 percent of all group purchases) have continued to rise. Total group purchases reached 66.5 billion yuan last year, up 20.3 percent on 1987 (1.5 percent in real terms).

- **Rise in sales of farming materials:** With rural areas developing their own industries, and a moderate growth in the scale of farm management, farmers' demand for agricultural materials has increased greatly. Sales of small tractors, for example, rose 23 percent last year, medium and large tractors by 9.2 percent, power equipment by 24.2 percent, chemical fertilizers by 11.9 percent and polythene by 18.4 percent.

As a result, purchase of farming equipment and materials rose

to 89.9 billion yuan (27.5 percent up on 1987).

**Profit Growth:** Improvements in the managerial contract responsibility system invigorated enterprises by mobilizing the enthusiasm of their staff and workers. With the large hikes in sales and prices, many companies found their expenses dropping, turnover accelerating and profits rising. Altogether, profits of 13 billion yuan were turned over to the state—38 percent more than in 1987.

This success, however, was not repeated across the board. Grain departments, who had to sell a bigger part of grain at state-set price while having to pay a higher purchasing price, suffered a rise of loss by 11.6 percentage points as compared with the corresponding period of the previous year.

**Unstable Markets:** The four waves of panic buying that swept China between the end of February and early September had a significant affect on China's economy.

- **Fearing a devaluation of their savings, urban residents withdraw much of their money deposited in banks, severely hampering attempts to recover money in circulation.** At the end of last November, the rise of total deposits was 15.9 billion yuan less than 12 months previously.

- **Market supply was badly disrupted, particularly by rushes to buy grain, salt and cotton cloth.**

- **Panic buying caused commercial department to purchase blindly and producing departments to expand their production, which results in overstocking.**

- **The emergence of a vicious circle: the higher prices rose, the more people bought, and the more people bought, the higher**



the prices rose.

### Factors Underpinning Fluctuation in the Market:

*The main cause of instability in China's markets during 1988 was the continued rise in prices*—which occurred across the board from foodstuffs to raw materials and fuel.

Prices rose for many reasons: in some provinces cereals and edible oils were allowed to be sold at whatever price the market would pay; a series of commodities had their state-set prices readjusted; the purchasing prices of agricultural goods were risen; etc.

Overall, the China's retail price index rose 18.5 percent—the highest figure recorded in the last decade. It was this which drove urban residents in to repeated outbursts of panic buying.

*Rapid growth in consumption funds and surplus purchasing power:* From the beginning of 1988, both economic development and social demand have overheated, putting great strain on the supply of commodities. Wages, bonuses and subsidies have spiralled. In the countryside farmers' income from sales of agricultural and side-line products rose by 71.5 billion yuan (30 percent over the pre-

vious year) and farmers' income from other labour rose 18 billion yuan (28.6 percent). Group purchasing power was also expanding. All this resulted in a rise of purchasing power by 120 billion yuan at the end of 1988 than 12 months previously.

*More commodities in short supply:* According to official statistics, 210 out of 506 industrial commodities and 55 out of 141 agricultural products could not be produced in large enough quantities to meet demand. Among the goods in short supply were matches, soap, detergent, enamel and aluminium products, while reserves of cereals, cotton, edible oils, salt, meat, sugar, knitted goods, colour televisions, refrigerators and coal were all low. Some goods were totally unavailable, and many of those that were could only be bought in one or two varieties or colours.

*Prospects and Solutions:* With the successful implementation of the government's policies of improving the economic environment and rectifying the economic order, China's markets should grow more stable through 1989. Nevertheless, various fundamental problems, such as imbalances between supply and demand and increasing social purchasing power, will remain. And with inflation still not fully conquered,

market stability cannot be fully guaranteed. Therefore, the following measures must be adopted.

■ Prices must be stabilized by tightening controls and inspections and applying strict sanctions to institutions, companies and individuals that violate price discipline.

■ Group purchasing power has to be curbed, while control must be strengthened over various special commodities—whether they have been designated special commodities or not.

■ The over-rapid increase in funds available for consumption must be checked by strengthening regulation on extra-wage income, welfare funds, the over-issue of money and the violation of financial rules. Simultaneously, banks should continue their drive to attract savings to withdraw money from circulation, housing reform should be advanced, the issue of bonds and shares accelerated, etc.

■ Close attention must be paid to the purchasing of agricultural products, especially grain, cotton, edible oils, pigs, eggs and vegetables.

■ The production, distribution and sale of goods in short supply but needed for daily life has to be strictly organized and the manufacture of unmarketable products cut back.

### Total Retail Sales of Social Commodities

	1987 (Bn Y)	1988 (Bn Y)	(%) increase
Total	582.0	744.0	27.8
A. According to type			
1. Consumer goods	511.5	654.1	27.9
a. Bought by individuals	456.2	587.6	28.8
b. Bought by groups	55.3	66.5	20.3
2. Agricultural materials	70.5	89.9	27.5
B. Retail outlet			
1. State-owned	224.9	292.2	29.9
2. Collectively-owned	207.96	258.4	24.3
Of which supply and marketing co-operatives	94.65	121.1	27.9
3. Joint ventures	1.88	2.4	27.9
4. Individuals	101.16	131.5	30.0
5. Farmers to rural residents	46.1	59.5	29.1

□

## Special Inner Mongolian Tours

The ideal season for tourists to go to Inner Mongolia is between early summer and mid-autumn.

Galloping on horseback through the lush mid-summer hills of Mongolia, you pass through a blazing sea of blooming flowers, then coming across scattered herds of cattle, horses and sheep you pick up traces of a herdsman's song as he drinks his milk tea.

Wake up, this isn't a dream; you aren't really Marco Polo. But, if you want something that brings you awfully close to that same proud Mongol race that once reigned over China—then here it is!

The Mongolians are called the "nationality on horseback" since they spend much of their lives riding their treasured steeds. Horses are used by these people for food, milk, clothes, and transportation. Horses are a part of Mongolian life and to own a fast galloping horse is something to be proud of.

Inner Mongolia's Travel and Tourism Bureau has now come up with a riding tour that lets travellers

roam the same ranges that were once the core of the Mongol empire.

Travellers are encouraged to strike up personal contacts and also get several chances to sample the people's hand-stewed meat and other specialties.

The tourism bureau also offers a **motorcycling tour** which is described as the biker's heaven. No fences, gutters or walls hem you in as you ride without obstruction for miles over the rolling plains.

The motorcycling-trek takes off from the autonomous region's capital city of Hohhot, crosses the Ulanqab Grassland until it reaches the industrial city of Baotou.

After crossing the Huanghe (Yellow) River you tear across the Erduosi Plateau to the centre of the Hobq Desert where you come upon Genghis Khan's mausoleum.

The desert tomb brings to mind the age of Genghis Khan from 1162 to 1227 when he ruled a superpower. Finally from Ih Ju League, you cross the Huanghe River again to return to Hohhot.

If biking isn't your cup of tea,

then there's the **herding tour** which lets travellers see more of the Mongolian lifestyle.

In this romantic tour amidst water and pastureland, you can ride in a Mongolian ox cart train with dog packs in front, and herds of oxen and sheep prancing behind. Day after day you move on, enjoying the natural scenery and living the life of a Mongolian herdsman.

Finally, there is the **Nadam tour**. That means entertainment in Mongolian, and the tour does its best to show you what the plain folks do during their celebrations.

Festivities are held just once a year that last several days in July, when the grasslands are unusually lush, and the cattle and sheep are fat and robust.

On the Nadam trip you will see traditional horse racing, archery, wrestling and other folk sports that Marco Polo saw almost a millennium ago.

On this tradition-packed tour one can also watch the famous Mongolian sacrificial ceremonies, dances, acrobatics and hear local songs.

by Han Baocheng

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## Tele-Com to Replace Travels

ZHONGGUO JINBAO  
(China Gold Press)

The strained situation of communications and transportation is a chief difficulty in the development of the Chinese economy. To ease the tension on communications and transportation, there is a great need to re-appraise the function of communications, the posts and telecommunications, and their influence upon transportation.

An effective method to improve the nation's strained communications would be to speed up the development of the postal system and telecommunications while work proceeds on investing and the modernization of the nation's transportation system.

The basic transportation and communications facilities have been placed under great strain with the nation's economy developing over the past few years and difficulties, such as in buying train tickets and in sending freight, have become social problems.

As construction of transport facilities calls for large-scale investment over a long period with a slow recovery time, it is almost impossible to alter the situation over a short time by simply increasing the basic facilities.

With our train of thought restricted to the transportation we have neglected speeding up the development of communication services.

High-speed, highly effective and efficient communications technology, such as the telephone and telex, are effective methods of transferring information.

With the continuous development of science and technology, the application of computer technology, man-made satellites,

laser video and optical fiber, communications have made the world smaller.

Communications equipment now permit people from different countries to conveniently promote cultural, economic and technological exchanges.

TV meetings, for example, now allow the heads of governments to hold discussions while each sits in his own office. All this is possible with the aid of satellite technology.

The economic efficiency of post and tele-communications was formerly ignored due to accounting difficulties.

The results of a 1988 Ministry of Posts and Telecommunications nationwide investigation indicate that 84 percent of the long-distance telephone calls and 38 percent of the long-distance telegrams are for business or other official purposes that would often have required personal visits which would have further strained public transportation.

Although China appears to have both a saturated transportation system and a shortage of energy, along with a saturated communications network, research offers a way out.

Studies show that among the three factors of material resources, energy and communications, China's energy consumption is 3.5 times higher than the world per-capita average consumption.

It was also found that electricity consumption per capita and the rotation volume of goods transported was 4.3 times and 6.2 times higher respectively than the world per-capita average.

Despite this China's use of telecommunications facilities per capita was 10 percent less per

capita than the world's average per-capita consumption.

Research, both in China and abroad, indicates that improvements in telecommunications may help to cut the public transportation load by 30 to 40 percent.

Studies also indicate that an up-grading of the communications area will also increase the efficiency of bus transportation by 20 to 30 percent while saving an estimated 5 billion yuan that would have gone into construction costs.

Overall savings of 20 billion yuan, the study says, can be achieved after cutting the savings from the circulating funds.

The development of telecommunication services will have a great impact upon the development of the national economy. According to some experts, an increased investment of 100 million yuan into the posts and telecommunications field will contribute 1.38 billion yuan to the national economy in ten years.

(March 10, 1989)

## Working Women's Burdens & Wants

XINHUA RIBAO  
(Xinhua Daily)

What do working women today find irksome and what do they want? A survey conducted by a journalist for the Nanjing Municipal Women's Federation shows that what they look for now is knowledge and body-building exercises, and what irks them most is household chores.

Among 500 women surveyed, 48.5 percent want training in spare-time schools sponsored by the federation. Twenty-one percent of educated women prefer to study independently, at night schools or through correspondence schools.

In the column "Should Women Use Make-Up Under Any Circumstances," 90 percent agreed with selective use. With regard to women wearing bikinis in body-building contests, 13 percent said it was "acceptable," but 40 percent said it was "not acceptable."

With regard to what they found irksome, 75.6 percent said "household chores." Many had to spend two to four hours shopping and cooking every day. According to the survey, 81 percent of the women do mainly household chores after eight hours' work during the day. Five women workers are in poor health because of the heavy burden. "Who doesn't want to make progress?" some of the women asked. "But to whom can we leave the chores and children?" Some suggested a 5-day working week.

*(February 21, 1989)*

## What Are Students Thinking?

**LIAO WANG**  
(Outlook Weekly)

In this period of transformation, the way of thinking among modern university students is full of contradictions, which are mainly as follows:

1. They are puzzled by the contradiction between theory and reality. Most university students hold that Marxism is scientific when they study and discuss Marxist theory. But, some students are puzzled when they find difference between Marxist theory and practical life.

2. They are puzzled by reform. According to one investigation, most university students surveyed showed support for and confidence in structural reform. However, it was also found that when reform ran into some dif-

ficulties or conflicted with their own interests, some of them were full of misgivings, complaints or even pessimism.

3. They are puzzled by individual value. University students seriously believe in the individual's role in both society and the collective. They advocate self-struggle and pursuit of self-realization. But, owing to the influence of utilitarianism and individualism, some students feel indifferent and lonely in their choice of concrete action.

4. In recent years, the unhealthy practice of excessive consumption has been widespread among university and college students. Some students simply ignore their family conditions and blindly seek a Western way of life. This often ends up adding even more of a burden to both the student's family and society as a whole, that brings back still more psychological pressure upon the student.

5. They are worried about their future. With the pressures that come with a rapidly developing commodity economy, most students think on the one hand that they should study hard and that knowledge is power. Yet, they often question this course, believing that it is futile to bury themselves in their books since they see an unreasonable distribution of incomes between mental and manual labour.

*(No.17, 1989)*

## Joys & Worries Of Private Enterprise Owners

**GONGREN RIBAO**  
(Worker's Daily)

Private enterprises have developed rapidly in recent years in Anshan, Liaoning Province. At the end of March,

the number of private industrial and commercial households in the city had reached 47,093 with 65,621 employees. In order to find out their difficulties and needs, a local office conducted a survey. It shows that they have seven joys and seven worries in everyday lives.

The joys are:

1. The Party's policy is good;
2. Their unemployment has been solved;
3. Their income has increased and living standard is better;
4. They have acquired more managerial knowledge and experience;
5. They have accumulated capital for the extension of their businesses;
6. They themselves are helping people;
7. They are promoting the country's economic prosperity.

Their worries are:

1. They are burdened with paying out money for a variety of reasons;
2. The environment is not good. They are sometimes robbed because of the bad public security or have things stolen in the general confusion of the market.
3. Their stalls are often occupied by others, so that stall-keepers are sometimes forced to go away. There are not the necessary sanitary facilities;
4. They don't have enough money to increase production;
5. Sometimes people don't respect individual traders or even look down upon them. This is partly due to the influences of old ideas which considered peddling a humble calling, and partly due to some private owners making money at the expense of the consumer;

6. They have to offer bribes at every stage of the management chain and entertain staff members of administrative units or send them gifts. If they don't,

they can't run the enterprises smoothly.

7. It is tough to handle the phenomenon of people with some measure of authority expecting to receive perks of various kinds.

(May 12, 1989)

## People's Concern For Social Security

**FAZHI RIBAO**  
(Legal Daily)

**A** recent survey by the Public Security Ministry shows that social security has become the problem of most concern to people.

The sample survey was conducted in December 1988 among 15,000 township residents from 15 provinces, autonomous regions and municipalities directly

under the central government. Regarding public security, they gave their opinions on the influence of unlawful practices in society and on 38 issues including the problem of public security administration.

When asked what was the social problem most concerning people, 4,056 or 27.3 percent of those surveyed placed social security first; and 6,510 ranked it second.

The respondents tended to be dissatisfied with China's recent social security situation and their sense of personal security as well. Referring to personal security, 38.4 percent of the 14,822 replies received said people felt unsafe or less than safe; 30.4 percent said more or less safe; 23.1 percent said relatively safe; and 7.9 percent said safe.

When asked whether they dared to travel at night, which is an international indicator to test

people's sense of security, 49.1 percent answered "no." This included 5,008 females, making up 71.9 percent of the females surveyed.

Most residents considered that the present crime threat is relatively serious. When specifying the crime most threatening to personal security, they gave robbery as the first with murder, injury and looting next. Among those surveyed, 2,632 persons, including their family members had been victims of crime, accounting for 17.7 percent.

To the question "What would you do if you saw someone committing a crime?" 25.2 percent replied they would try to stop the crime; 64 percent would go to the nearest police station to report; 10.8 percent said they would do nothing or refused to answer the question.

(May 12, 1989)

Getting away with a small loss.

WEI QIMEI





## World Bank Lends Money for Highway

**C**onstruction on a 112.8-kilometre highway will begin in July, thanks to a World Bank loan. The loan will make the bank China's major overseas investor in highway construction.

The Nanchang-Jiujiang Highway in Jiangxi Province, to be constructed by China Metallurgical Construction Corp. and Ingra of Yugoslavia, will use \$32.45 million from the World Bank and funds from the central and local governments.

Scheduled to open in 1992, the highway will shorten road traffic between the two cities by 40 kilometres and, it is hoped, encourage the development of the province's vast natural resources.

The World Bank, which attaches a high priority to road development, has given or agreed to give US\$620 million in loans for highway construction projects in China, Zhang Mingfa, a division chief of the Ministry of Communications, said recently.

The loans are in three groups and cover such projects as the Beijing-Tianjin-Tanggu Expressway.

The third group of the loans, which is financing four highway projects, including the Nanchang-Jiujiang Highway, the Chengdu-Chongqing Highway in Sichuan, the Sanyuan-Tongchuan Highway in Shanxi and the Jinan-Qingdao Highway in Shandong, has a total value of at least US\$400 million.

In its latest step, the World Bank has agreed to lend China US\$60 million and its affiliate agency—the International Development Agency—will provide a further credit worth US\$50 million to help finance the Jinan-Qingdao Highway project.

The 319-kilometre highway is designed to relieve congestion on the heavily used roads between the capital city of the province

and the port city of Qingdao.

The central government also will contribute about US\$40.5 million to the project, while the provincial government will invest US\$273 million.

The loan is for 20 years, including a five-year grace period, with a variable interest rate of 7.65 percent. It also carries an annual commitment charge of 0.75 percent of the undisbursed balance.

□

## No Foreign Trade Changes Expected

**T**here will be no change in China's foreign trade policies at this time regardless of the fact that Sino-Soviet relations have been eased.

A high-ranking official of Foreign Economic Relations and Trade said that China's foreign trade policy remains open to all—the West, the East and all developing countries.

"We hold that our trade policy towards the United States and the Soviet Union is the same," he said on condition of anonymity.

He pointed out that both China and the Soviet Union have expressed a strong desire to develop bilateral trade and economic cooperation. "We are neighbours and there exists strong potential to be tapped to make up for each other's disadvantages. And this is in the best interests of the two countries," he said.

China is gearing up to take advantage of the current "international situation," further forging ahead with its open policy in a more flexible and active approach, the official said.

On the economic relationship between China and South Korea,

he said, there is no official relationship in either economics or politics as yet, he said, but he did not deny governmental economic contacts between the two sides. "Our on-going reforms have made it possible that individual enterprises have much more autonomy and they are entitled to finding their own co-operation partners according to their needs," he said.

□

## Bank Savings Up After 1988 Run

**B**ank savings in China are back on the way up for the first time since the unprecedented bank runs that hit the country last August.

The Industrial and Commercial Bank of China, which holds about 75 percent of the nation's bank savings, reported by the end of May that deposits during the first five months of this year totalled 20.09 billion yuan.

The amount is 7.6 billion yuan higher than the same period last year and brought the bank's total amount on deposit to 200.8 billion yuan.

The increase in savings is particularly significant as banks have been hard pressed to provide sufficient funds to maintain the nation's economic development.

Li Guixian, president of the People's Bank of China, the country's central bank, applauded the growth and said attracting more deposits is a key role for banks in the nation's development drive.

Li expected a shortage of funds would continue to be a perennial problem for the country.

However, growing savings will help stabilize capital sources and curtail demand, which has been a major cause of high inflation, an official from the Industrial and Commercial Bank said.

Income increases, interest hikes and improved services are pointed out as the major reasons for the upturn in deposits.

The official noted that the average annual income for a worker increased from 648 yuan in 1979 to 1,695 yuan last year.

Ten years ago workers put away an average of 7.3 percent of their income in banks. In 1988, deposits averaged 25.7 percent of income.

The average household of four people has bank deposits of 1,489.7 yuan, an increase of 1,051.46 yuan from a decade ago.

Interest rates have been raised twice since last August to stem the run on banks.

The official said the bank has tried hard to cater to the needs of depositors.

New offices have been opened, new services inaugurated, computer use expanded, and rewards offered to lure more depositors. □

## Shanghainese Drink More Soft Drink

**T**he consumption of soft drinks and non-alcoholic beverages among Shanghai residents is increasing as a result of the growing influence of modern lifestyles, according to a local official.

The official, from the Commercial Department of Shanghai Municipality, said that each Shanghai resident will drink an estimated 21 litres or more of soft drinks this year—an increase of 20 percent over last year's consumption.

Shanghai, which has a population of 12 million, now has 200 companies producing various kinds of soft drinks.

The official said that "new consumption concepts," coupled with modern advertising, have changed Shanghai residents' traditional habit of drinking mainly tea.

The opening of new hotels, restaurants and ballrooms and the common use of household refrigerators have also stimulated the country's soft drink industry, he

said.

Another factor in the popularity of such beverages is the longstanding habit of Chinese work units and institutions of stocking up on soft drinks and beverages to protect their workers from heatstroke during the hot summer months. □

## Products Found Substandard

**A** national survey of the quality of more than 1,000 kinds of products shows that many of them were poorly made, Beijing-based *Economic Information* reported recently.

The survey, made by the State Technological Supervision Bureau in the first three months this year, has found serious quality-control problems, especially with portable fire extinguishers, explosion-proof electrical equipment for mining, X-ray protection and fish meal.

In the survey, the supervision bureau checked 42 brands of fire extinguishers that have production permission from the state. Only 20 of the brands met quality standards, the paper said.

It said fire extinguishers made by factories in Heilongjiang and Hebei provinces could not spray chemicals, and extinguishers made by factories in Nanjing City, capital of Jiangsu Province, and Hunan Province, did not have inside pressure indicators.

The quality of explosion-proof electrical equipment, which directly affects the safety of miners, was found to be not very good either, according to the paper.

Examinations of 17 kinds of mining equipment produced by 11 factories, including the Shanghai Electrical Appliance Factory, showed that only eight kinds were up to standard.

Among the ten kinds of X-ray shields made by seven factories, six were of acceptable quality. The X-ray leakage rate of the

shields made by the Shandong Weifang Medical Equipment Factory greatly surpassed acceptable limits. If these shields were used, they essentially would not function as shields but would allow medical workers to be seriously hurt by radiation, the paper said. □

## UN, China Train Managers

**C**hina and the United Nations' organization joined hands to train managerial personnel for the growing number of foreign-invested enterprises in China.

At the beginning of the first training course, May 15, Vice-Minister of Foreign Economic Relations and Trade (MOFERT) Shen Jueren said the course is being conducted as part of the efforts to co-ordinate the fast growth of China's opening economy.

Co-sponsored by MOFERT and the United Nations Centre for Transnational Corporations (UNCTC) with substantial support from the United Nations Development Programme (UNDP) and the United Nations Industrial Development Organization (UNIDO), the training course emphasizes financial and economic evaluation of foreign investment projects.

The four-week course covers such topics as evaluating projects by means of computers, how to read balance sheets, corporation taxes, evaluation of industrial projects and industrial feasibility studies. Lectures are given by 11 professional experts from foreign countries.

"This programme is one of the five technical co-operative projects between MOFERT and UNCTC for the 1988-89 period," Shen said.

The other technical co-operative programmes mainly involve jointly developing transna-

tional teaching materials for Chinese universities, training Chinese managers and providing opportunities for them to practise in transnational enterprises, and holding Sino-foreign co-operative managerial symposia.

The participants of the training course are from 13 provinces and cities and four central departments. Most of them have been directly engaged in the evaluation and approval of foreign investment projects.

In the past few years since the adoption of the opening policy, foreign investment has flooded into the huge Chinese market. Up to now, more than 16,000 foreign investment enterprises have been approved with a total investment of US\$12 billion. □

## Colour TV Sales Dropping

**A** drastic change in sales management and a one-third increase in the price of colour televisions have brought dramatic changes in the market, bringing both relief and worry for consumers, dealers and producers, the Beijing-based *China Consumer Press* reported.

For the first time in many years, consumers have seen colour televisions sitting on shelves in Beijing department stores since February, when the state took over their sales.

Consumers now have choices of size and brand and they can be particular about quality and design, but they have no bargaining in price, no shrewd shopping and no back doors to cheap TVs. One 20-inch colour television, for instance, now sells at about 3,000 yuan, including the newly imposed special consumer tax of 600 yuan and the nationalization tax of 300 yuan.

The result is that colour sets are piling up in the stores, the paper said. It cited Beijing's Dongan Market, one of the biggest depart-

ment stores in the city, as an example. The market now has 4 million yuan worth of colour TVs in stock, costing the market 40,000 yuan a month in interest.

"In the past, colour TV was among the hottest commodities in the city," said Zhang Langui, manager of the electronics department of the market.

At that time, colour TVs were rationed and TV coupons were as precious as the sets themselves. Sometimes, consumers had to spend hundreds of yuan on a ticket on the black market before they could buy a set for about 2,000 yuan. In other cases, profiteering individuals competed to take advantage of the low prices and short supplies and sometimes boosted the sale price to about 3,000, the paper said. In a situation like that, "back doors," favouritism and illegal dealings prevailed.

Now, Manager Zhang said, the state monopoly has solved those problems, but new ones have arisen as sales have dropped too much.

First, shops have lost interest in selling colour TVs as the profit margin has dropped to about 1 percent from 4 percent in the past.

Zhang said his market rejected supplies from five TV factories in the first two weeks of May. In February, the first month of the new policy, the Dongan Market sold only 58 percent of the planned amount. A report from the State Statistical Bureau said that the national average of factory stocks of unsold colour TVs increased by 32 percent in February compared with the beginning of the year.

Although the 300-yuan nationalization tax was designed to be refunded to factories to develop parts to replace imports, factories can not benefit from the new policy now because so few people are buying their products, the report said.

What makes things worse is that before the new policy was intro-

duced, the Customs Office raised the import tax on spare parts from 40 percent to 60 percent and on the picture tube from 20 percent to 30 percent, and it added a 50 percent regulative tax. Now, responding to the complaints of producers, the Customs Office has reduced taxes to the original level. □

## Japan Sells Steel Mill to China

**N**isshin Steel Co. Ltd of Japan agreed by the end of May to sell a hot-rolling mill to the China Metallurgical Import and Export Corp., which will enable an additional 1.3 million tons of hot-rolled steel plates to be turned out annually by one of China's major steel works.

Chinese Metallurgical Minister Qi Yuanqing said the deal promises good prospects for "Sino-Japanese co-operation to update China's existing steel producers."

The mill, which had been turning out 2 million tons of plates a year before it stopped production in 1986, will be installed in the Taiyuan Iron and Steel Corp. in Shanxi Province.

The cost of the mill was 500 million Japanese yen (US\$3.6 million). The deal is an effort by the Japanese seller to help China increase steel output to meet its growing demand for economic construction.

Dong Zhixiong, assistant president of the China Metallurgical Import and Export Corp., said that imports of fairly advanced second-hand equipment have been raised to a higher priority by the Ministry of Metallurgical Industry in order to save hard currency.

He said that the Meishan Iron and Steel Corp. in Shanghai is also negotiating to buy a second-hand hot-rolling mill from another Japanese steel manufacturer.

Steel plates and tubes are in



short supply in China, which imported more than 346 million tons of such products during the 1983-87 period, 48.3 percent of the country's total steel imports during the period.

And prices of steel products have continued to rise on the world market.

China's aim of renovating existing steel manufacturing plants, to allow them to produce according to international standards, gives foreign companies an opportunity to sell equipment and technology in China.

Dong said that the Nisshin mill is still considered fairly advanced in China although it had operated for 20 years in Japan.

The Taiyuan Iron and Steel Corp. has needed a hot-rolling mill for years to feed a cold-rolling mill and a continuous casting plant which was imported from Austria.

The Nisshin mill is expected to leave Japan in 1990 and start operation in China by 1992, Dong said. □

## More Foreign Funds For Agriculture

China is drawing up an ambitious plan for the utilization of foreign capital to lift agricultural input and break away from the predicament of agricultural stagnation which has existed for the past few years.

According to the official in charge of foreign capital for agricultural items from the Planning Department of the Ministry of Agriculture, in each of the last two years (1989 and 1990) of the Seventh Five-Year Plan period, China will earmark US\$600 to 700 million in foreign capital for agriculture. Of this, US\$500-600 million will be provided by the World Bank. Earlier, only US\$200 million in foreign exchange was available annually for

agriculture.

For the Eighth Five-Year Plan (1991-95), although the official declined to estimate the scope of expenditure, the formulation of specific items using foreign capital is under way. Informed economic sources hold that along with the development of the national economy and the demands on agriculture, the scope of foreign capital use will definitely outpace the years 1989-90.

The official also said that foreign capital for agriculture comes mainly from the World Bank, the UN Food Programme, the Food and Agriculture Organization of the United Nations and the International Agricultural Development Fund, as well as government bilateral and multilateral low-interest loans. Foreign funds will be mainly used to promote the development of agriculture and non-staple foodstuffs in the following five fields:

**Development of agricultural regions.** The Chinese authorities have decided to use the bulk of foreign capital for the development of the Huang-Huai-Haihe Plain, Sanjiang Plain, Songliao Plain, four leagues in eastern Inner Mongolia, the Hexi Corridor in Gansu, southern Hunan, southern Jiangxi, the Hetao area in Ningxia, the Liaohe River estuary delta and the coastal shoals.

Through the opening up of these ten regions, about 3.1 million hectares of wasteland will be reclaimed and about 21 million hectares of medium- and low-yielding land improved.

**"Vegetable basket" project.** To ease the supply of meat, eggs, domestic fowls, aquatic products, vegetables and other non-staple foodstuffs for the 200 million urban dwellers, it is planned that government bilateral or multilateral low-interest loans will be used to set up one million broiler and chicken production centres in these large and medium-sized cities with a population of more than 1 million; plastic-membrane

greenhouses will be built in cities in the northern part of the country while autumn and winter vegetable production centres and aquatic breeding centres will be built in cities in the south.

**Commodity centres.** Loans granted by the World Bank and government bilateral and multilateral loans will be used to set up the following commodity centres throughout the country: marketable grain, 385; cotton, 140; edible oil, 168; sugar-bearing crops, 80; aquatic products, 22; lean pork, 80; and beef, 80. At the same time, 40,000 hectares of rubber forest will be planted.

**Projects for clothing and feeding the people.** To solve the problem of clothing and feeding the 60 million to 70 million people living in impoverished areas, it is envisaged that non-reimbursable funds from the UN Food Programme and other countries will be used to vigorously popularize the techniques in using plastic membranes for maize cultivation and help develop production.

**Items for popularizing agrotechniques and plans for bumper harvest.** Plans for using foreign capital for agricultural development have begun to be implemented. Since the beginning of this year, the Chinese government has held talks with officials from the World Bank on the expansion of 160,000 hectares of irrigated land in the Tuhai River valley in Shandong Province, the improvement of 600,000 hectares of medium- and low-yielding land on both banks of the Huanghe River in Henan Province and of 666,000 hectares of low-yielding cotton fields in Hebei Province, the development of the coastal shoals in Jiangsu Province, and the water conservancy projects of the Chaohe Lake in Anhui Province. Agreements on some projects have been finalized and appraisals are being made for others. In addition, talks are being held with other countries and international organizations on the utilization of

foreign capital for agricultural projects.

by Yao Jianguo\*

## Indonesian Deal

**O**ne of China's largest forestry equipment manufacturers has signed a letter of intent with an Indonesian company to establish a loading machine plant in Indonesia.

According to the letter, the joint venture will be equipped with Chinese production lines capable of turning out up to 500 loaders annually.

The Changzhou Forestry Equipment Plant, the Chinese partner in the deal, produces more than 800 mechanical loaders each year.

Built with technology imported from Japan in 1985, its WA 300-1 loader meets international standards of the 1980s. To date, 40 of the model have been exported to countries including Australia, Indonesia and the Solomon Islands, earning the company US\$2 million. New orders have recently been received from companies in Britain and the United States.

Deputy sales director Sheng Dexin said his company had plans to open a Southeast Asia service and training centre in a bid to expand exports and look for other co-operative deals. The centre would not only offer spare parts and maintenance for loaders already sold, but would also run training courses for new buyers.

by Yao Jianguo

## Food Processing And Packaging Machinery Fair

**T**he first China International Food Processing and Packaging Machinery Fair will be held in the Beijing International Exhibition Centre on November 24-30, 1989.

Co-sponsored by the China

Council for the Promotion of International Trade, the Ministry of Machine-Building and Electronics Industry, the fair will be staged every two years.

Among the main exhibits at the fair will be machinery for processing and packaging drinks, cake, sweets, bean products, meat, fruit and vegetables. In addition, there will be exhibits of sugar-making machinery, refrigeration equipment and slaughtering facilities. Foreign businesses will be invited to the fair with opportunities for trade negotiations and technological exchanges.

by Zhang Zhiping

## Ironing Out Steel Problems

**F**oreign investment in China's iron and steel industry will be concentrated in projects aimed at overcoming shortages of various key products.

According to officials from the Ministry of Metallurgical Industry, overseas funds will mainly be used to construct new rolling mills to manufacture steel plates and tubing and renovate old plants with strong performance histories. The target for 1989 is to raise output of seamless tubing and cold- and hot-rolled plates by 1 million tons.

From 1983-87, China imported 71.9 million tons of steel goods—the equivalent of 38.7 percent of the country's total steel output over the same period. Steel plate and tubing accounted for 34.69 million tons of this total—equal to 52.8 percent of domestic output.

These shortages have seriously damaged the development of China's power, railway, oil and automobile industries, and have hampered the growth of light industry.

To accelerate steel production, China is now actively seeking overseas partners. It is reported that a Sino-Italian agreement has been signed to establish seamless tubing plants at Anshan and Tianjin,

while feasibility studies on five co-operative projects at iron and steel works in Anshan, Wuhan and other places have also been completed. Among them is a joint venture at the Channar Iron Ore Mine which is expected to go into operation by the end of the year.

From 1978-88, China's metallurgical industry spent more than US\$5 billion on importing 700 items of equipment to update its iron and steel plants. □

## Loans Up for Foreign Firms

**D**espite China's attempts to slow its economic growth rate and restrict the issue of new loans, funds being made available to foreign-invested businesses are still rising.

The Bank of China has reported that in the first three months of 1989 Renminbi loans to foreign-invested businesses rose 2.4 percent and foreign exchange loans rose 4.2 percent.

Over the last decade, more than 15,000 foreign-invested enterprises have gone into operation in China—60 percent of these have accounts with the Bank of China.

According to financial experts, many foreign-invested enterprises faced fund shortages at the end of last year because of government-imposed limits on the issue of loans.

This was despite the fact that the Bank of China had issued loans of US\$15.99 billion in renminbi and US\$2.986 billion in foreign exchange through 1988—more than ever before, and an increase of 68 percent and 119 percent respectively on 1987.

This year, because of the increase in the numbers of foreign-invested enterprises and the rising price of raw materials, it is predicted that loans to foreign-invested enterprises will not be below the 1988 level.

Export-oriented and technologically advanced enterprises will be given priority treatment in the issuing of new loans. □

## Tree Unrivalled for Beauty

In Chinese, "Yulan" means jade orchid. There are no other flowering trees in the world's temperate regions comparable to Yulan for its large size, lily-shaped form, its jade-white colour and the sweet-smelling fragrance of its flowers.

Indeed, Yulan is one of the most gorgeous and striking of the early spring-flowering trees, unrivalled in beauty and magnificence.

It is deciduous and a member of the Magnolia family.

In "Qun Fang Pu" (the Encyclopaedia of Flowers, 1621), Wang Xiangjin describes Yulan's basic characteristics—"flower with nine sepals, white and slightly greenish, perfume like that of the Cymbidium orchid."

The Yulan is indigenous only to China, and is found mainly in the mountains of Anhui, Zhejiang, Jiangxi, Hunan, Shaanxi and Guangdong provinces.

It was first cultivated during the Tang Dynasty (618-907 AD) or possibly even earlier. It is now widely grown in China, from Beijing to Guangdong Province and from Taiwan to Yunnan, mostly in cities along the Changjiang (Yangtze) River and the Huanghe (Yellow) River.

It was introduced into Japan and Korea in ancient times.

Yulan was introduced to Europe in 1789, exactly 200 years ago. It is still cultivated in European gardens and parks, but to a limited extent, mainly because of the threat of late frost.

In North America, Yulan is not commonly cultivated in gardens and parks because of similar difficulties.

But in China, Yulan is widely and frequently grown in many places and in a variety of temperature zones and so its blooming season varies from very early to

quite late. The late poet and scholar Guo Moruo (1892-1978) wrote in a poem of Yulan:

"Two months ago in Guangzhou,

I saw Yulan full blooming.

Two months later while coming to Beijing,

Here I witness Yulan still blooming.

Oh, I am astonished and then crying:

Yulan Hua (flower),

How slowly you are travelling.

Two months have been spent away,

You are coming to the capital Beijing."

Indeed, Yulan is very sensitive to temperature changes, so it is always accompanied with the "step of spring" on its country-wide tour.

### Flowering Time

For example, Yulan often begins to bloom during November or December in Kunming, the "Spring City." It is in full bloom in January and February in Guangzhou (Canton), the "Flower City." In Shanghai, it blossoms in March while in Beijing, Yulan's full-blooming season fluctuates between late March and mid-April, according to temperature changes.

"Yulan develops flower-buds during winter, one to a twig. After the flowers have fallen, leaves sprout from buds below the flowers," wrote Chen Hao-zi in his book, "The Flower Mirror" (1688).

### Habits

Yulan is a long-life tree species, with a maximum age of 800 years or more. A Yulan tree planted in 1750 is still living at the Summer Palace, the famous imperial garden of the Qing Dy-

nasty (1644-1911) in the suburbs of Beijing.

Yulan likes the sunshine, but can endure half-shade. It is a warm-region tree but it has the ability to resist cold to about 20 degrees centigrade below zero. This is the main biological reason why Yulan can have such a wide cultivation region in China.

This flowering tree is fond of a moist climate, yet it also has a certain degree of resistance to drought. This ecological behaviour is of vital importance for Yulan to be able to withstand severe weather, especially during winter in North China.

Yulan has fleshy roots, so it is one of the most susceptible tree species to water-logging. For this reason, this beautiful flowering tree should always be planted in well-drained sites, preferably along slopes. And with its fleshy roots and few fibrous roots, it should be transplanted carefully and managed meticulously after transplanting.

Yulan can adapt to a variety of soils, from sandy loam to clay soil, and from moderate acid to slightly alkaline soils. It is a gross feeder, preferring heavy application of well-rotted manure and fertilizers. Growth of the trunk and branches is slow, so it is advisable to prune the tree very lightly.

The tree is relatively resistant to toxic gases such as sulphur dioxide, chlorine gas and hydrogen fluoride. Hence it may be used in industrialized cities where there are pollution problems.

It is propagated by means of seed-sowing, cutting, layering and grafting, commonly using the Lily Magnolia (*Magnolia liliflora*) as root stocks.

Yulan (*Magnolia denudata* is its scientific name) is planted in temples, courtyards, gardens, parks, scenic spots and historic sites as well as some selected gar-



dens.

It is planted singly or often in pairs in courtyards or near gates. This flowering tree is frequently used in groups, big or small, with unequal distances between trees.

**In Parks**

At scenic spots where environmental conditions are favourable, ornamental forests or "specific gardens" with Yulan as the main constituent may be laid out.

The Yulan, representing purity and elegance, has been appreciated and praised by the Chinese since ancient times and it is regarded that the tree suits the Chinese-style garden buildings very well. To make the tree and its flowers appear even more beautiful and impressive, dark backgrounds such as walls or evergreen trees may be used in many cases.

In Beijing's Summer Palace, Dajue Si (Great Awakening Temple), Beijing botanical Garden and other places where Yulan is grown well, the trees in full bloom, laden with their huge white flowers present a most impressive sight.

In Shanghai, Yulan was chosen as the municipal flower on October 25th 1986 and Yulan gardens are to be constructed.

There are about 90 species of the genus Magnolia of which more than 30 are native plants of China. Wild Magnolia species can also be found in Japan, North America, the Malaya Archipelago and Central America.

Among the magnolias introduced from foreign countries, the Bull Bay from the United States and the Star Magnolia from Japan are worth mentioning. An evergreen flowering tree and blooming during early summer, it is widely planted in cities of Central and South China. □

**Bamboo Garden**

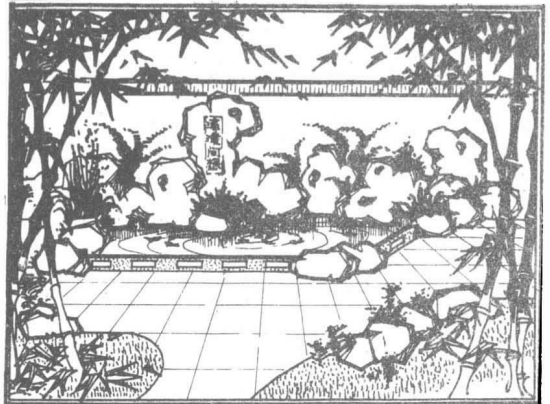
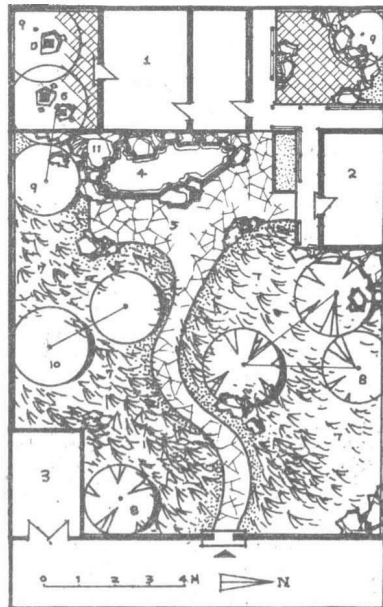
The garden is divided into three courtyards of different sizes, covering about 130 square metres in all. Separated from the outside by the walls, it has flourishing trees and bamboo, a meandering path, white walls and dark tiles.

When people step into the garden from the noisy town they will find they are enclosed by the green bamboo and a narrow zig-zag path which leads them to quietness.

In the depth of the greenery, a small rockery is set up with a pond in front. There are some goldfish in the pond.

There are four Chinese characters carved into the rockery—"Hao Pu Jian Xiang" which means "free thinking by the water." This is quoted from the dialogue on "the happiness of the fish" between Zhuangzi and Huizi, two great philosophers of an-

The plan of the garden.



A scene of the garden.

cient China. Here it indicates enjoyment, fulfilment and relaxation just like that of the fish in the clear water.

In the small courtyard to the north of the living room, a Chinese-style flower bed (irregularly edged with rocks in natural shapes) is built in front of the white wall. Plants form the main element of this part.

The design presented here is contributed by Li Zhanxiu, a garden designer at Beijing Institute of Landscape Architectural Design and Research.

Notes to the plan:

1. Living rooms
2. Reading room
3. Garage and storeroom
4. Fish pond
5. Stone-paved path
6. Stone tables and stools
7. Bamboo
8. Chinese pine
9. Yulan Magnolia
10. Camphor tree
11. Rockery

by Chen Junyu

**Panda-Hamster Cross Discovered**

Although few would link the panda with a hamster, Chinese scientists have recently succeeded in fertilizing hamster ova with panda sperm.

The deputy researcher of the Animal Institute of the Chinese

Academy of Science, Chen Dayuan and a colleague observed panda sperm penetrating ova of a golden hamster in a test tube experiment that they have described as being a successful fertilization.

Chen said his experiments are not meant to start a new species of either pandas or hamsters, but rather to create a way of providing better research methods on test-tube pandas.

Scientists were forced to turn to the test tube hamster ova experiments since panda ova are scarce and more likely to be used in actual breeding.

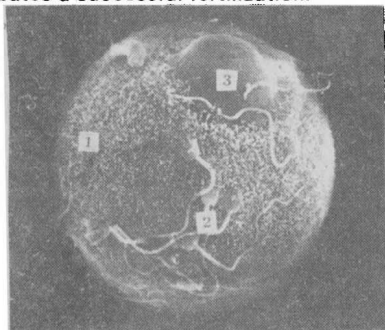
Two panda ova had once been acquired in Chengdu and though an ovum had successfully been fertilized, it failed to produce results after being contaminated on its long journey to Beijing.

Ova of the golden hamster was specifically chosen for the experiment because of its relatively low immunity or threshold level that makes it more capable of being fertilized by sperm of another species.

The giant panda, a "national treasure," scattered throughout the border junction area of Sichuan, Shanxi and Gansu provinces has faced decreasing numbers and quality due to both inbreeding and the dwindling size of its natural habitat.

Last year was noted for the low level of panda offsprings. One

Advanced photography reveals (1) an ovum of the golden hamster after being fertilized by (2) the panda sperm with (3) the second polar body that indicates a successful fertilization.



study revealed that despite there being about 70 pandas in captivity, with 20 females of breeding age, only two pandas produced three cubs.

Of those cubs only one is still alive and cared for by its mother, "Huanhuan" in Tokyo's Veno Zoo. Both cubs bred last year in China's Chengdu Zoo, by "Jinjin," have since died.

Another misfortune for China's panda breeding campaign has been the death of two male pandas between 1987 to 1988 from cancer and intestinal illness while being in their prime breeding stages.

by We Liming

## Print Breakthrough For Tibet

Although it's hard to link the mystical word "Tibet" with the micro-chip era, that's just what a research institute tied to the Ministry of the Aeronautic and Astronautic Industry has done with the introduction of a Tibetan-language software system.

The system offers prospects for invigorating the Tibetan publishing industry by letting Tibetans use their own language throughout the whole process of publishing.

Since the Tibetan-language publishing system was completed last September, it has been praised for having reached top international standards while helping Tibet ally science and technology to its modernization drive.

The declaration of Tibet's computer revolution in the printing world came with January's launch issue of *Tibetan Studies*, which was completely produced by use of the new system. The entire process of publishing—text input, editing, compos-

ition and printing—used the Tibetan-programme.

The new system, which is seen as a milestone marking the nexus between the computer and Tibet's ancient culture, has drawn interest from Tibetan scholars, workers and computer specialists.

In 1987, China's Tibetan Study Centre handed over to the Ministry of the Aeronautics and Astronautics Industry's 710 Institute the challenge of developing a Tibetan software system.

That task eventually landed on senior engineer Luo Sheiyi's desk and it was through her management that a special team managed, within ten months, to bring the system on-line.

Before the development of this software all Tibetan handling systems faced the problem of non-standard forms of Tibetan writing that were often rendered into a texts lacking refinement.

The new system adopts advanced computer techniques on picture handling that applies a high matrix library for Tibetan that assures that Tibetan words come across in a standard and graceful manner.

The system is predicted to help Tibetan culture by simplifying computerized information searches while helping libraries and offices to systematize classic Tibetan writings.

The software includes HT-TC Dos (Disk Operating System) and HT-TESTS.

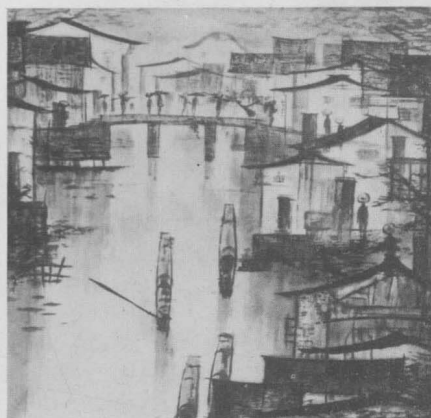
HF-TC performs the basic task of configuring a computer to handle Tibetan. Once loaded, Tibetan text can be inputted, edited on screen and printed or sent to other output devices.

HT-TC Dos is also compatible with PC DOS, the Western language handling system used in IBM personal computers and CCDOS, the handling system that was developed in China for computing with Chinese characters. HT-TC Dos enables mixed input and edited output in Tibetan, Chinese and any Western language.

by Nian Pei

## Chinese Paintings by Zheng Shufang

Zheng Shufang, born in Ningbo, Zhejiang Province in 1941, now works in the Beijing Artists' Association. Zheng is skilled in woodcutting and Chinese landscape paintings and he likes to depict the ancient, tranquil and misty landscape common in south China. These are the works selected from his Chinese landscape paintings.



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