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No Interference in China's Internal Affairs



**BETWEEN THE ARMY
AND THE PEOPLE**

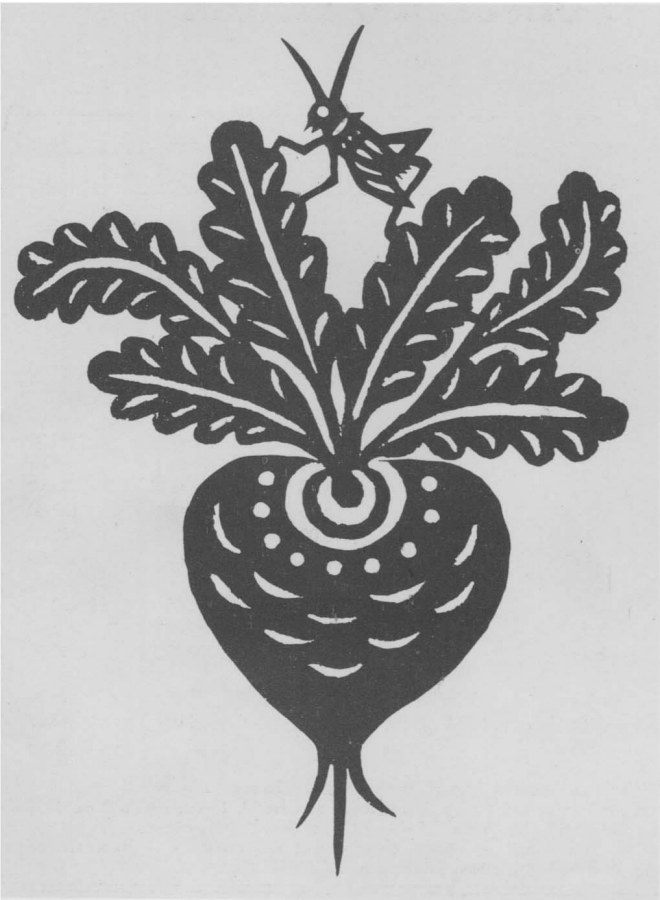
ART PAGE



A Mouse.



A Granddaughter.



A Radish.

Papercuts by He Yimin

Retired He Yimin, born in Mancheng County, Hebei Province in 1928, worked in the Chinese Art Gallery in Beijing. Not content with an easy life of retirement, she devotes herself to papercuts in which she has always had a keen interest. Her papercuts are simple, unsophisticated, boldly executed and often inspired by fairy tales.



A Dog.

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COVER: Young Pioneers from the capital express their greetings to the PLA.
by **Zu Ruiting**

Upholding Fundamentals for National Construction

□ Zhang Fei says in our Notes From the Editors that Chinese leaders have recently reaffirmed adherence to the four cardinal principles—the fundamentals of China's national reconstruction, and adopted a series of measures to ensure implementation of the policies for reform and opening to the outside world and promoting socialist democracy. However, internal and external hostile forces have advocated bourgeois democracy and freedom in an attempt to create disturbances and crises in China and thus reduce it to a colony and appendage of Western powers. The Chinese people, naturally, will not allow this to happen (p. 4).

Between Army and People

□ The martial law enforcement troops, who entered Beijing to defend the capital and its people, would not have fired their weapons if some soldiers had not been brutally beaten or killed and military vehicles burned by rioters. At critical moments during the turmoil, many Beijingers, braving all dangers, stepped forward to protect and save besieged soldiers. After putting down the revolt, soldiers helped clean up the rubble from the streets, restore urban traffic to normal and transport grain, vegetables and non-staple food for the residents. The people, on the part, have sent many letters of greetings and appreciation, as well as goods and materials, to the troops (p. 16).

Beijing After the Rebellion

□ Although tourist and commercial departments are having a hard time, Beijing citizens have discovered more space and other benefits for themselves in the city. Not forgetting that martial law is still in force, people go about their business as usual and strive to make up for the losses caused by the rebellion (p. 19).

Strategy for China's Foreign Trade

□ Ji Chongwei, a research fellow for the State Council, bases his recommendations and analysis for China's development of foreign economic and trade ties and development of the country's coastal, interior and border areas, especially their role in China's open-door policy, on the fact that China is a big country with 1.1 billion people and lacks a developed industrial and agricultural foundation (p. 25).

On Paris Summit Declaration

□ In its political declaration on July 15, the G-7 summit continued to make unwarranted accusations and exert pressure on China. This contravenes the most basic norms governing international relations and is absolutely unacceptable to the Chinese government and people. Besides, this act by the participating countries is unwise and in the end will only harm them (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.

Director/Editor-in-Chief: Wang Youfen
Tel: 893363
TLX: 222374 FLPDA CN
FAX: 8314318
General Editorial Office Tel: 8314318
English Dept Tel: 8315599 Ext. 546

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Upholding Fundamentals for National Construction

by Zhang Fei

The 40th anniversary of the founding of the People's Republic of China will be celebrated in just two months. A short time ago, however, the People's Republic experienced attacks launched by hostile forces, directed invariably against the leadership of the Communist Party, the socialist road, the people's democratic dictatorship, and Marxism-Leninism and Mao Zedong Thought—the foundation of the People's Republic.

In China, people refer to the political philosophy behind these forces as the "bourgeois liberalization trend of thought," and the foundation of the People's Republic, furiously attacked by hostile forces, as "the four cardinal principles"—these two are in diametrical opposition.

As far back as the late 19th century, when China rid itself of feudalism's yoke, some people proposed that China learn from the West and take the capitalist road. Practice, however, has proved this impossible for China, in that it can only place China in the position of a colony or appendage to the big powers. Early in this century, the Chinese people found Marxism during their struggle. Led by the Communist Party of China and guided by Marxism-Leninism and Mao Zedong Thought, the Chinese people, through protracted revolutionary struggles, overthrew imperialist, feudalist and bureaucratic-capitalist rule in China, won national liberation, founded the state under the people's democratic dictatorship and embarked on the socialist road. This is the choice of the people and the necessity of history. Experience gained over the last four decades has proved this decision to be correct and in conformity with China's conditions. However, this has inevitably aroused the discontent of hostile forces at home and abroad who have tried by every means to lead China into capitalism and consequently reduce it to an appendage of Western powers. The Chinese people, of course, will not tolerate this attempt.

In order to confuse people's minds, internal and external hostile forces again used "democracy" and "freedom" as a means to gain their ends. They claimed that the four cardinal principles are intended for the suppression of democracy and freedom. After the Chinese government put down the counter-revolutionary rebellion this June, some Western mass media distorted the truth by calling the turmoil and rebellion a "movement for democracy and freedom" and slandered the Chinese government in saying that it "suppressed democracy and freedom." These are lies. The aim of a handful of people who engineered the turmoil and revolt was to liquidate the Communist Party's leadership, topple the socialist system, subvert the People's Republic of China and establish a capitalist republic completely dependent on the West.

The four cardinal principles are not contrary to democracy and freedom. In today's China, the people are

the masters of the country and society. At the same time, the socialist system ensures their right of democracy and freedom. The different levels of the people's congresses are the organs where these rights are exercised and the National People's Congress is the highest organ of state power. Within its political system, China practises multi-party co-operation and political consultation under the leadership of the Communist Party. Included in this are eight democratic parties which coexist and practise mutual supervision with the Communist Party. Currently, as China conducts economic structural reform, it needs to carry out, as well, political structural reform and promote the construction of socialist democracy so as to perfect its socialist system. During this process, however, we should never copy the "democracy" and "freedom" as it is practised in Western countries. The motive for advocating the Western politics and democracy and freedom is very clear. Such practice can only throw China, with its 1.1 billion people, into turmoil and crisis. Hostile foreign forces can then take advantage of the resulting chaos to break into the country, leaving China again to be degraded into a colony of Western powers. How, then, can the Chinese people accept this kind of "democracy" and "freedom"?

Western mass media recently created the rumour that China's emphasis on opposing bourgeois liberalization and adhering to the four cardinal principles means it will return to the closed-door policy. In fact, the Chinese leaders who put down the disturbances and the rebellion, together with the Chinese people a short time ago, are the very people who extricated China from its isolation in the world community. These same leaders also advanced the reform and opening up policies a decade ago, policies which have already yielded demonstrable results. It is worth noting that those who practise bourgeois liberalization and those who created the disturbances and the rebellion also made a hullaballoo about "reform and opening up." But the difference between what they have advocated and what they have practised proves that they were intending all along to change the socialist system and take the capitalist road. To this, absolutely, the broad masses of the Chinese people will not agree.

Soon after the rebellion was quelled, the Chinese leaders declared on many occasions the four cardinal principles and the line, principles and policies of practising reform and opening to the outside world formulated ten years before would be carried on unswervingly and a series of policies have already been adopted to ensure their smooth implementation.

Only by following the correct course can China achieve success in its development. The adherence to the socialist road, to the people's democratic dictatorship, to the leadership of the Communist Party and to Marxism-Leninism and Mao Zedong Thought is the only guarantee of the correct direction. □



Jiang Zemin (centre) addresses a national conference attended by the leading members of CPC propaganda departments.

LIU JIANGUO

CPC to Boost Ideological Work

The leaders of the Communist Party of China (CPC) stressed on July 20 the importance of strengthening propaganda and ideological work after quelling the recent counter-revolutionary rebellion in Beijing.

General Secretary Jiang Zemin, and Li Peng and Li Ruihuan, members of the Standing Committee of the Political Bureau of the Party Central Committee, spoke at a national conference attended by Party officials in charge of propaganda work.

They held that the task of ideological and political work is to propagate the spirit of the Fourth Plenary Session of the CPC's 13th Central Committee and the recent speeches made by Deng Xiaoping, unify the thinking of the whole Party and the people of the whole country and enhance education in adhering to the four cardinal principles and opposing bourgeois liberalization.

Jiang Zemin said that one of the lessons drawn from the student unrest, turmoil and

counter-revolutionary rebellion is that the whole Party must pay full attention to ideological work.

Generally speaking, he said, the propaganda front is good but bourgeois liberalization had spread unchecked. Zhao Ziyang should be held responsible for the failure of carrying out the struggle Deng Xiaoping has repeatedly stressed since 1980.

"We must enhance socialist ideology while carrying out to the end the struggle against bourgeois liberalization," he said.

The people should be made to know the country's economic situation, he said. Propaganda work must increase their confidence while telling them the difficulties and the necessity of working hard. He especially stressed national integrity, the idea of being industrious and thrifty in managing a household and other fine traditions of the Chinese nation.

The general secretary said that many young people are not clear ideologically why China should

take the socialist road and be led by the Communist Party. "The propaganda work must respond to these questions convincingly and in simple terms," he said, adding that young students must be taught to understand what is democracy, freedom and human rights and how to judge things from a Marxist-Leninist point of view.

He also stressed that Party organizations at all levels must strengthen ideological and political work. Party committees in businesses must set up the necessary organizations and assign professionals to do that kind of work.

Speaking at the conference, Li Peng said bourgeois liberalization, which had spread unchecked for a long time, was a major root cause of the recent turmoil and counter-revolutionary rebellion. The misleading role played by the press in this struggle is a lesson that should be learned, he said. In the future, the Party Central Committee, the State Council and Party committees and governments at all levels must support propaganda and ideological work, Li said.

Li Peng said that although a decisive victory has been won in the crackdown of the counter-revolutionary rebellion, there are still ideological problems among the masses and therefore painstaking ideological and educational work is necessary. In fact, he said, it is a long-term task to adhere to the four cardinal principles and oppose bourgeois liberalization.

Li said that in this struggle the majority of intellectuals had proved trustworthy to the Party. A small number of scums among them are not representative of those who are patriotic and support the Party and socialism.

Li Ruihuan made a long speech on propaganda work at the conference. □

US Congress' Bill Refuted

The Foreign Affairs Committee of China's National People's Congress (NPC) expressed indignation over the US Congress' interference in China's internal affairs in a statement issued on July 19.

The statement said: "On June 29 and July 14, the House of Representatives and the Senate of the United States adopted respectively amendments on sanctions against China which wilfully distorted the facts about China's efforts to put an end to turmoil and quell the counter-revolutionary rebellion in Beijing, slandered and attacked the Chinese government in a groundless manner, and set forth a series of measures of sanctions against China.

"We hereby express our utmost indignation at such acts by the US Congress of grossly interfering in China's internal affairs and seriously hurting the national feeling of the Chinese people.

"Ample facts have shown that the disturbances in Beijing between April and June this year were in no way ordinary activities for democracy and human rights. They were a planned, organized and premeditated political turmoil started by a tiny number of people in collusion with some hostile forces abroad through taking advantages of student demonstrations. The turmoil later escalated into a counter-revolutionary rebellion in Beijing," the statement continued.

"The Chinese government took resolute measures under the Chinese Constitution and law to put down the rebellion. This action has won strong support from the entire Chinese people as it is in conformity with their desire and fundamental interests," the statement said.

"The US Congress based itself

on rumours and in the amendments adopted called the rebellion a 'pro-democracy movement' and the handful of ruffians who seriously disrupted public order and attempted to overthrow the Chinese government 'peaceful pro-democracy demonstrators.'

"On the other hand, the US Congress slanders the Chinese government, describing its lawful punishment of criminals who have violated the Chinese law as 'repression of peaceful demonstration.' Such acts of the US Congress are not at all a serious approach and have behind them ulterior motives," the statement said.

"In a critical situation when the destiny of a state and the interests of its people are under a serious threat, that state adopts the necessary measures according to its own laws; this is within the realm of state sovereignty and is the internal affairs of that

state. No foreign government, parliament, organization or individual has the right to interfere in any form," it said.

The NPC's statement said: "China has a most firm and clear-cut position and will never yield to any outside pressure when it comes to safeguarding China's sovereignty, independence and dignity. Any attempt to use sanctions to pressure China into changing its policy is futile. Such an attempt, like lifting a rock only to drop it on one's own feet, will ultimately hurt the interests of the United States itself."

The statement concluded: "We urge the US Congress to refrain from going against the basic will of the Chinese and American peoples and, proceeding from the long-term interests of our two countries, to put an immediate end to any words or deeds that interfere in China's internal affairs, hurt the national feelings of the Chinese people and harm Sino-US bilateral relations." □

Hainan's Door Keeps Open

Hainan Special Economic Zone will resolutely stick to its original principle and policy of opening to the outside world, Xu Shijie, secretary of the Hainan Provincial Committee of the Chinese Communist Party, said July 18.

Speaking at the third plenary meeting of the first provincial Party committee, Xu said that the establishment of Hainan Province and special economic zone is a natural result of China's reform and open policy and an important part of the development strategy of the coastal areas put forward by the Party Central Committee.

"It would be impossible to build an economic zone in such a backward place as Hainan with-

out the open and reform policy," he said. "After more than a year of practice, 6 million Hainan people have got to know better than at any time before that the reform and open policy represents the fundamental interests of the people and they know the province has a promising future as long as the policy persists."

Xu said that the Party Central Committee has shown much concern for the development of Hainan and that Deng Xiaoping had mentioned Hainan's development several times.

He also quoted Jiang Zemin and Li Peng as saying that the central government's policy and principles towards Hainan won't change and that the legislative power granted to the province



Donald Nixon, nephew of former US President Richard Nixon, recently led an American investment delegation to Hainan Province for negotiations on investment projects. Bao Keming (second from left), vice governor of the province, is briefing his American guest on the investment climate in Hainan. JIANG ENYU

will also remain unchanged.

Xu also said he believed that the central government's special Hainan policy along with the steps to improve the investment environment there will attract increasingly more foreign funds.

At the same meeting, Xu urged the elimination of the "hotbeds" that help foster corruption such as trading power for money through publicizing the government work.

He said the deepening of the current economic reform has resulted in an active commodity economy. However, at this juncture, the old system is still playing its role, and new measures for macro-control have yet to be worked out, he said.

Such shortcomings as an imperfect legal system, a lack of a necessary and effective supervision mechanism and weak ideological work have also led to graft and corruption, he added.

Corruption has both greatly damaged the image of the Party and government and aroused complaints among the masses.

Xu said the Hainan provincial authorities have decided to take a series of measures to promote the development of a socialist commodity economy and fight

against corruption. The measures include:

— To form a supervision system seriously investigating and dealing with major cases that involve profiteering through the reselling of short-supplied com-

modities;

— To publicize the operation of government work. Such openness will begin in allowing the scrutiny of provincial authorities and the enforcement of regulations at that level of government that will be published as a means of checking the performance of leading officials;

— To strengthen supervisions of government officials. Supervision by the masses must be enhanced while channels for people to make complaints will be opened. Supervision by the press, related administrative organs, judicial departments, democratic parties and mass organizations must also be strengthened;

— To improve the political quality of the Party and government officials. Efforts will be made to imbue them with the idea that they are "servants of the people" and that they should serve the people wholeheartedly. □

HK Newspaper on China's HK Policy

China's idea of "one country, two systems" in settling the Hong Kong issue will not change because of the recent Beijing incident, according to a July 9 commentary of the Hong Kong-based newspaper *Ta Kung Pao*.

Although the recent Beijing incident has stirred Hong Kong, the paper quoted Xu Jiatun, head of the Hong Kong Branch of Xinhua News Agency as expressing his understanding of the reactions by people in Hong Kong. He said he will wait for the gap in the different perspectives to narrow.

To arrange the future of Hong Kong according to the idea of "one country, two systems" is in line with history and reality, the paper said, and the idea was an outcome of objective demands.

So all the general and special policies set according to this idea can withstand the most severe test, the paper said.

Hong Kong holds a place in China's opening to the outside world which cannot be replaced, the paper said. Seeing that and starting from the view of maintaining the distinctive role and value of Hong Kong, China and Britain had issued a joint declaration, an international state agreement, with the policy of "one country, two systems" written into it.

The "one country, two systems" policy was a resolution made by the Chinese Communist Party and had been examined and approved by the National People's Congress, said *Ta Kung Pao*.

Therefore, said the paper, this

policy has the greatest binding force. It is not equated to a promise or guarantee by any person, it said. It will not lose effectiveness because of changes in places of some Chinese leaders. In fact, it added, all policies on the basis of this policy have not been affected the slightest by the recent political changes in China.

The paper said, "We should have an overall and complete understanding of the idea of 'one country, two systems.' That is to seek common ground on some major issues while reserving differences on others."

After 1997, the paper said, Hong Kong will keep its capitalist system while the China's mainland will stick to its socialist system. The two systems will coexist peacefully, with the mainland and Hong Kong drawing on the strengths of each other to make up their own deficiencies.

The paper said that as a state policy, it has declared that the Chinese government will not change the "two systems" into "one system," nor will it interfere

with the running of a capitalist system in Hong Kong Special Administrative Region.

On the other hand, it said, Hong Kong also has no ability to change the socialist system on China's mainland. Any attempt to subvert the system of the mainland can only be harmful to the harmonious relations between Hong Kong and the inland of China.

The paper said that some people erroneously thought that "the system on today's mainland must be that in Hong Kong in the future." They have overrated their own ability and tried to change "the system of the mainland in the future into the one Hong Kong has today." They will certainly not succeed, the paper said, but only damage the stability of Hong Kong and the mainland.

As the policy of "one country, two systems" remains unchanged, the paper expected that the China's mainland and Hong Kong can continue their cooperation, jointly tide over the crisis and achieve new development and prosperity. □

ties and sorrows in those challenging days. He said that the transport department of the municipal government had already taken into special consideration the prolonged transport period that most of the foreign ventures were confronted with and that these ventures' transport needs would be included in the official plan of the city's entire transportation and would be given top priority.

Ye's investment commission has also asked the Shanghai Branch of the People's Bank of China to take preferential action to assist foreign-funded ventures to overcome difficulties in circulating funds.

A few days earlier, on another occasion, Director Shen Beizhang of Shanghai Municipal Commission for Foreign Economic Relations and Trade (SMCFERT) entrusted the local mass media with the task of clarifying to friends both at home and abroad that China's established policy of reform and openness will remain unchanged and that the city will keep on developing its foreign economic relations and trade.

Shen admitted with frankness that the city's foreign economic relations and trade have been affected by the earlier turmoil and counter-revolutionary rebellion in Beijing.

"Even in time of adversity", Shen said, "when some foreign businessmen left Shanghai for fear of further deterioration in the situation, other international organizations, businesses and corporate groups with foresight and confidence in China's policy as well as in Shanghai's ability to abide by contracts, sustained their business with us. Facts prove that we are fully capable of maintaining Shanghai's stability and living up to our business reputation."

Director Shen mentioned that some sagacious and enterprising

Shanghai Remains Open to Foreign Business

Shanghai will continue to further the development of its export-oriented economy as the chief way to revitalize and promote the entire economy, Deputy Director Ye Longfei of Shanghai Municipal Foreign Investment Commission affirmed at a briefing sponsored by his commission in late June.

An audience of over a hundred consular people, representatives of foreign ventures as well as some local and international journalists in Shanghai attended the briefing on the recent situation in the city.

In order to further improve the local investment environment, Ye added, all of Shan-

ghai's major infrastructure projects will continue normal operations. The municipal government has determined to follow without deviating all policies favourable to the city's further reform and opening to the outside world as well as its export-oriented economy.

The deputy director also disclosed that there are now 238 foreign-funded ventures operating in the city and that another 375 are now either under construction or in preparation. Most of these are already in normal operation.

Ye expressed his heartfelt gratitude to those foreign friends who shared Shanghai's difficul-

foreign businessmen had come to Shanghai for negotiations on projects despite the difficult situation. Since mid-June, the number of applicants of business visas has been growing steadily, and on June 14 alone, 32 groups of people handed in visa applications.

Shen is confident of Shanghai's international business prestige. He believes that businessmen are businessmen, and that they need both markets and business. "What's more," Shen added, "our ample supply of goods is very attractive to foreign businessmen."

The Shanghai Knit-Wear Export Company, for instance, believes they can export products worth US\$30 million within a single month only if shipping could be guaranteed.

Shen promised that his SMCERT and all trade units would do their best to make up the losses suffered during the unrest, and that they will show their spirit of efficiency, enthusiasm, development and creation.

by Dai Gang

News in Brief

Jiang Stresses Patriotic Education

China's foreign language institutes must strengthen their education in patriotism, said Jiang Zemin, general secretary of the Communist Party of China, when meeting with representatives of teachers and students of the Beijing No. 2 Foreign Language Institute on July 18.

Jiang said since graduates from such schools end up in jobs dealing with foreign affairs, they should have a strong sense of national self-respect and integrity. He also stressed that colleges and universities must strengthen Par-

ty leadership and enhance ideological and political work among students. □

Tian Flies to Moscow

Chinese Vice-Premier Tian Jiyun left for Moscow on July 20 to attend the fourth meeting of the Sino-Soviet Economic and Trade Joint Committee.

The meeting will discuss the expansion of economic, trade, scientific and technological and agricultural co-operation and increase the two countries' ties to a new level, said Tian before departing. □

Shanghai Clamps Down on Crimes

Shanghai public security organs uncovered 134 economic-crime cases, each involving 10,000 or more yuan, during the first half of this year, *Renmin Ribao* (People's Daily) reported on July 20.

A total of 216 people involved in the cases have been detained or arrested by local police. □

4th Census Set for 1990

The State Council has decided to conduct the fourth national census starting July 1, 1990. A national leading group for the census was set up in Beijing on July 19.

The third national census was carried out in 1987. □

500 Million Get ID Cards

Over 500 million Chinese citizens had obtained identification

cards by the end of June, making nationwide checks on ID cards possible, *China Daily* reported on July 22.

According to the State Council plan, 500 million citizens aged above 16 should be given their certificates by this October on the occasion of the 40th anniversary of the founding of the People's Republic and police would by then have the power to check an ID card whenever the need arises and take information from it. □

Hostile Foreign Newspapers Banned

China will not allow those foreign newspapers and magazines that interfere with China's internal affairs or hurt the national feelings of the Chinese people to prevail in China, said a Foreign Ministry spokeswoman on July 20.

She said at the weekly news briefing that China will not refuse all foreign newspapers and magazines but will not accept those that have such characteristics mentioned above. □

College Enrollment Cut

The Chinese government has decided to cut by about 30,000 the number of scheduled admissions to colleges and universities this year, representing a 5 percent reduction over the originally scheduled enrolment plans, according to a spokesman from the State Education Commission on July 21.

Originally 640,000 college students were to be accepted this summer. The spokesman also said the enrollment work in most cities will be delayed and new entrants are not expected to enter college until the end of September, a month later than originally planned. □

China's Internal Affairs Brook No Interference

—On the Political Declaration Adopted at the Summit of the Seven Western Nations

by "People's Daily" Commentator

Thanks to a series of resolute measures taken by the Chinese government since it won a decisive victory over the counter-revolutionary rebellion in Beijing, the situation in the capital and the rest of the country has quickly stabilized. In the past month and more, social order, as well as production and everyday life, have gradually come back to normal. The whole truth of the turmoil and rebellion and the quelling of the rebellion has come out. More and more people in the international community have shown understanding for the measures taken by the Chinese government in dealing with the events. People of clear vision in many countries have expressed their appreciation of China's affirmation that it will continue its policy of reform and opening to the outside world, and have adopted a realistic and wise attitude. They stress that they cherish the friendly, co-operative relations established over the years with China, sharing the belief that expansion of these relations will be important for peace, stability and prosperity in the Far East and the world as a whole.

Regrettably, the recent summit of the seven leading industrialized nations (G-7) in Paris continued to ignore the realities in China, and made judgements on China's affairs as judges who rely on their own so-called "values." In their political declaration, they made unwarranted charges against China's quelling of the counter-revolutionary rebellion, denouncing it as a "violent suppression by China in violation of human rights."

These groundless charges, which only represent gross interference in China's internal affairs, are certainly unacceptable to the Chinese government and people.

Facts have shown that the turmoil and counter-revolutionary rebellion in Beijing were instigated and imposed on us by a handful of conspirators who, in collaboration with hostile foreign forces, took advantage of the student unrest and did a great deal of engineering and organizational work. Their purpose was to topple the leadership of the Chinese Communist Party and our socialist system. In view of the time-span, the range of their influence, the gravity of the damage, and cruelty of the plotting and means used, the turmoil and rebellion in Beijing were unprecedented in the history of New China and rare in the world. At the critical moment when the fate of the People's Republic of China was at stake, the Chinese government had no alternative but to take swift and resolute action to quell the rebellion, pulling the nation out of danger. Under very complicated and difficult circumstances, the Chinese government was compelled to move in accord with the highest interests of the Chinese people.

The facts should not have been difficult to understand. But some Western media, the US media in particular, tried their best to exaggerate and distort China's quelling of the rebellion. Rumour-mongers, eager to see the world plunged into chaos, stirred up trouble and gave Westerners completely wrong figures, and a distorted picture of

the events. Some Western governmental figures, unwilling to listen to facts provided by the Chinese side and stubbornly sticking to their own opinions and values, wilfully denounced and adopted sanctions against China, interfering in China's internal affairs in violation of international norms. In handling international relations, it is an indiscreet and dangerous attitude to base one's policies on distorted propaganda, untrue information or even absurd rumours, without making efforts to know the facts in an objective and fair way.

The G-7 summit made a miscalculation in continuing to exert pressure on China in a bid to force it to drop the just struggle against rebellion and subversion. It is necessary to point out that the actions taken by the Chinese government have in no way affected the West or any other countries. The problem arises simply because certain countries, out of their own likes and dislikes and their concept of values, have directly and extensively damaged China's interests and dignity with words and deeds. Any action that aims to meddle in China's internal affairs will be of no avail. The Chinese government and people will never give in to any pressure, whatever its form and whichever nation it may come from. On the contrary, such pressure will only encourage the Chinese people to develop the spirit of hard-work and self-reliance to place their own country in an even better position. Now, we feel it necessary to reiterate here that after achieving decisive victory in quelling

the counter-revolutionary rebellion, the Chinese government and people, despite the unfriendly actions of certain countries, will never change their basic state policy of reform and opening to the outside world. Comrade Deng Xiaoping recently pointed out that the policies of adhering to the Four Cardinal Principles and of reform and opening to the outside world, which were formulated at the Third Plenary Session of the Party's 11th Central Committee, should be carried on unswervingly. Our practice in the past decade has testified to the fact that these policies constitute the foundation of our state and point the way to building China into a powerful nation. They have not only brought unprecedented benefits to the Chinese people but have also promoted China's economic exchanges with other nations and boosted the prosperity and stability of the world as a whole.

At present, more and more people around the world have come to see that China's policy of reform and opening to the outside world remain unchanged after the quelling of the counter-revolutionary rebellion. And they hope to maintain and develop economic and trade relations with China and oppose the erroneous practice of excluding China from the international community. We are confident that, with the elapse of time, these viewpoints will be increasingly accepted by the majority of

people throughout the world. In fact, it is the Western nations that are putting pressure on China, although the political declaration of the summit claimed that it wants the Chinese authorities to create conditions that will avoid their isolation. Such action is simply putting the cart before the horse. It is noteworthy that China is a country of global strategic importance and can provide an enormous market both in reality and in potential. With the interdependence of the global economy ever increasing, the short-sighted practice of keeping China away from the world community may not only undermine world peace and stability, but also hurt the interests of the Western countries. Our advice to those hostile to China is that they should look a little farther ahead, and that it would be better for them to change over to a more sensible and realistic attitude, because trouble should be ended by those who started it.

The political declaration also mentioned restoring confidence in Hong Kong. Not long ago, the British government made it clear that it would continue to observe the Sino-British Joint Declaration on the future of Hong Kong. We expressed appreciation of this stance. China will continue to adhere to the principle of "one country, two systems" and will abide by the agreement not to change the capitalist system in Hong Kong. You carry out your capitalism and we carry out our socialism, and neither side

should poke its nose into the other's affairs. We believe that as long as both sides strictly observe the agreement, the restoration of confidence in Hong Kong can be accomplished. The current problem is that some people are attempting to use Hong Kong as a base to interfere in or even to change the socialist system on the mainland. This cannot be allowed. We advise those people not to lift a rock only to crush their own feet. We hope that the so-called "continuous support by the international community," as claimed by the G-7 summit on the issue of Hong Kong, will not turn out to be a factor detrimental to stability there.

It should be clearly noted that nothing has changed as to the trend and overall structure of the international situation, with peace and development still being the two focuses. After a long period of tension and confrontation since the end of World War II, there has emerged in East-West relations a trend characterized by a shift from confrontation to dialogue and from tension to relaxation. Meanwhile, the tendency of multipolarization is also growing around the world. Those elements that affect the major tendency of worldwide developments still exist. Therefore, China will not change its peaceful and independent foreign policy. We are willing to develop friendly relations with any other countries throughout the world in accordance with the Five Principles of Peaceful Coexistence. □

Rival Visits Highlight East-West Contention

by Our Staff Reporter She Duanzhi

While a heat wave was spreading across Europe, US President George Bush and Soviet leader Mikhail

Gorbachev were visiting each other's allies and then shuttling back to their own allies on the continent in a diplomatic contest

to win support for and expand the influence of their respective countries.

In the space of one month,

Gorbachev visited the Federal Republic of Germany (FRG) (June 12-15) and France (July 4-6) and then flew to Bucharest where he attended a summit meeting of the Warsaw Pact countries (July 6-8). Bush, on the other hand, toured Poland and Hungary (July 9-13) as a US president for the first time in many years and then, from July 14 to 18, headed for Paris to participate in a summit meeting of the seven Western industrialized countries (G-7) — the United States, Japan, the FRG, Canada, France, Britain and Italy.

“Gorby Mania”

As initiator of the “new thinking,” Gorbachev has proved over the past four years since he took office that he is an expert in public image-making. With his smile-diplomacy charisma and successive peace offensives, the Soviet leader has created a “Gorby Mania” in the world, especially in Western Europe.

For Western Europe, security is the biggest concern. The elimination of intermediate-range nuclear weapons has eased some worries, but at the same time aggravated others arising from the imbalance of conventional weapons between the North Atlantic Treaty Organization (NATO) and the Warsaw Pact.

Furthermore, acute frictions arose among the NATO allies over the modernization of US short-range missiles deployed in West Germany.

Taking advantage of this, Gorbachev has offered to unilaterally cut his country's armed forces by 500,000 men along with a considerable cut in the number of tanks and other conventional weapons. Negotiations on further conventional cuts are being held in Vienna.

In addition, in mid-June, talks between the United States and the Soviet Union on strategic and space weapons resumed in Geneva while negotiations on

chemical weapons are also proceeding.

On the short-range missile issue, Gorbachev promised the earliest possible talks with West Germany without any precondition, while Washington insisted that immediate modernization must precede any talks with the Soviets.

For the West Germans and their sympathizers in the rest of Western Europe, the Soviet stand seems more acceptable. Besides, the *perestroika* (restructuring) campaign currently being carried out in the Soviet Union offers a potentially vast market.

Against such a background, Gorbachev made his West German tour. In his talks with West German leaders, Gorbachev repeatedly stressed the construction of a “common European home” from the Atlantic to the Urals. Gorbachev's blueprint of such a European home consists of several aspects, including pol-

Show of unity: George Bush (third from left) along with other Western leaders pose for the opening ceremony of the G-7 summit.



itical, economic, technological and cultural co-operation among the members of the "home"; no use of force among countries and blocs and mutual respect for each other's sovereign integrity and security; a theory of restraint instead of a deterrent strategy; the right of each country to choose its own social system. Finally, the United States and Canada have a place in the home as well.

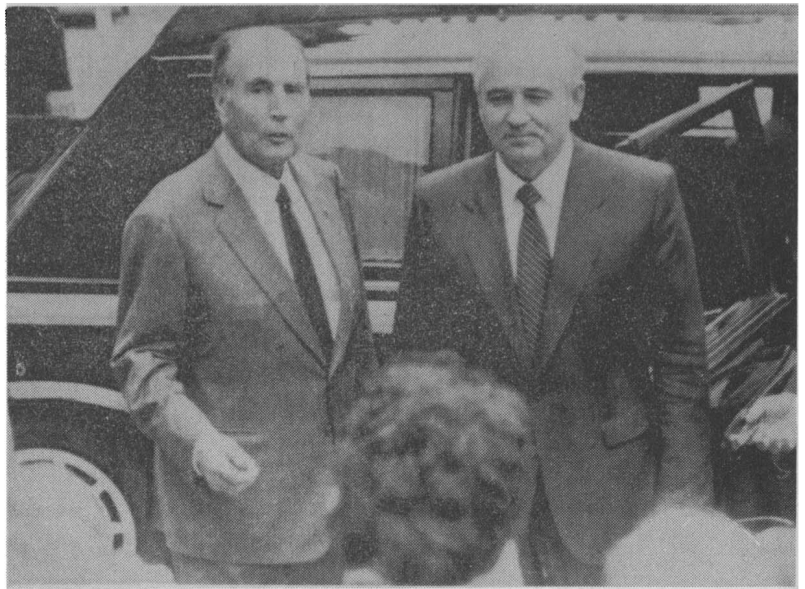
Winding up his visit, Gorbachev signed a joint statement, which reflected his European policy, and 11 co-operation agreements with the West German side. In addition, a hot line is to be installed between Bonn and Moscow.

In France — his second visit there since 1985 — Gorbachev and his French counterpart Francois Mitterrand signed 22 agreements on bilateral co-operation in the fields of the economy, technology and culture. Many observers believe that this marks a new era of European co-operation.

Both leaders believed that countries belonging to different groups can put aside their differences and embark on a road of dialogue and co-operation. Gorbachev said that the post-war era is now over, which was echoed by Mitterrand's remarks that the Yalta era has ended. This is generally taken to mean that a new era in favour of European independence, integration and co-operation is emerging.

The two countries have also reached an understanding that continuing disarmament is the best guarantee for European security and that exchanges and co-operation without a material base are not reliable.

Gorbachev also delivered a speech at the Council of Europe in Strasbourg, in which he said once NATO was willing to negotiate on tactical nuclear weapons, the Soviet Union would continue



Making friends: Gorbachev meets French President Mitterrand.

to unilaterally pare down its tactical nuclear weapons deployed in Europe.

During the G-7 summit meeting Gorbachev surprised the leaders with a letter calling for greater participation of the Soviet economy in the world economy. This was naturally welcomed as a step further down the road of East-West co-operation.

In a show of support for Gorbachev, the Warsaw Pact summit in a statement said that the participants unanimously supported Gorbachev's proposal made in Strasbourg and called for the dismantling of NATO and the Warsaw Pact.

Countering the Challenge

Warily watching Gorbachev's courtship of Western Europe, Bush is trying to win back points in Eastern Europe, which, like Western Europe, is also showing a trend towards relative independence and political diversity, especially so in Hungary and Poland.

Faced with mounting economic difficulties and political complexities, particularly foreign debt, which has come to US\$39 billion in Poland and

US\$20 billion in Hungary, these two countries are looking towards the United States for financial aid for their daring political and economic reform.

In April, coinciding with Poland's decision to legalize the formally banned Solidarity trade union, Bush announced at a meeting with Polish Americans a package aid plan for Poland.

During his stay in Warsaw, Bush said that he would ask the Congress to provide a US\$100 million loan to aid Poland's private economy. He said he would also ask other Western countries to provide similar funds. He also promised a World Bank loan of US\$325 million to help develop Poland's agriculture.

Other aid programmes include a rescheduling of Poland's debt owed to the West and the establishment of an environmental protection centre in Warsaw with US aid.

Addressing the Polish Parliament, Bush said the US government appreciated Poland's economic and political reform, which he considered was of worldwide significance. He also met Lech Walesa, leader of the opposition Solidarity, and visited Gdansk, the birthplace of the

trade union.

In Hungary, which is one of the boldest in carrying out political reform, Bush met with major Hungarian leaders, including Rezsor Nyers, and representatives from 10 opposition organizations. During the talks, Bush expressed his support for Hungary's reforms and said his country was willing to provide advice that could be employed in political and economic reform.

In a speech made at Karl Marx University of Economics, Bush announced that he would propose at the forthcoming G-7 summit meeting the coordination of Western steps to provide economic and technological aid for Hungary. He said that he would ask the Congress to allocate US\$25 million to help Hungary's private economy and to grant tax-free treatment to some Hungarian exports to the United States.

Bush also promised that US private investment companies would be allowed to open offices in Hungary; that a Central and Eastern European environmental protection centre would be set up in Budapest with US\$5 million from the United States; and that Peace Corps members would be sent to Hungary to teach the

English language.

The two countries signed four agreements on co-operation in tourism, civil aviation, industry and agriculture.

At the Paris G-7 summit, Hungary and Poland became a major part of the discussions. The meeting decided that the European Community Committee should hold a meeting to be attended by 18 Western countries to give substance to and coordinate Western aid to Eastern Europe, especially Poland and Hungary.

Who's the Winner?

Although Gorbachev and Bush have openly denied that their visits were aimed to undermine the other's allies, the coincidence of their visits suggests that a new round of diplomatic warfare between the superpowers, with the battleground primarily in Europe, is already under way.

Gorbachev's diplomatic tactics are multi-faceted, laying emphasis on security issues while providing much economic and trade allures to Western Europe in a bid to lure it further away from the United States.

Bush, on the other hand, takes advantage of the trend towards

political pluralism and economic liberalism in Hungary and Poland and tries to use financial aid as a lever to encourage the Polish and Hungarian authorities along the road of political reform and independence from the Soviet Union.

So far, it is hard to say who is the winner in this warfare. A recent Western opinion poll indicates that West Europeans trust Gorbachev far more than they do Bush. However, the welcoming scenes in Hungary and Poland for Bush's arrival were almost as crazy as "Gorby Mania" in Western Europe.

It seems that the superpowers still have some rules for their games. Bush, for example, acknowledged the existence of "a special relationship" between Eastern Europe and the Soviet Union and his aid to Poland and Hungary was therefore quite limited, while Gorbachev in his blueprint for a "common European home" leaves some place for the United States and Canada.

Europe, due to its huge wealth, geographical and strategic importance, and historical and cultural heritages, will continue to be the centre of East-West contention for many years to come.

□

GDR: Stable and Permanent Economic Growth

by Xu Hongzhi

The German Democratic Republic (GDR) is one of several socialist countries with a long and stable track record of economic development. In the past decades, it has maintained an annual growth rate of 4-4.5 percent with only a few years recording growth slightly less than 4 percent.

The Socialist Unity Party of Germany and the government of the GDR, basing themselves on

the actual conditions, formulated policies suited to the condition of the country, and have realized the continuance and innovation of these policies. This is an important reason for GDR's long and stable economic development.

Science and technology. Before World War II, Germany was a developed capitalist country possessing developed industries, science and technology. After the

founding of the GDR, the Party and government considered that science and technology could play a key role in economic development.

Since the beginning of the 1980s, the Party, thinking about the new situation that the technological revolution rapidly created, has placed a high priority upon the development of science and technology. It stressed using advanced scientific

and technological achievements in industries when working out its "Economic Strategy in the 1980s" programme in 1981, which was adapted to the nation's economic strategy towards the year 2000 at the 11th Party Congress in 1986.

The GDR has placed special attention upon the micro-electron, computer, new materials, biological engineering, nuclear power, the laser and other high technology fields. Scientific research investment focuses on these projects, and the principle of combining scientific research with production has been upheld.

Meanwhile, the Party and government has always paid full attention to education. Not long after the end of World War II, the Socialist Unity Party of Germany started to reform the education system left over by the fascist regime while leading people to remove the ruins of war. After overcoming various difficulties, the GDR set up unified state-maintained schools and brought into effect an eight-year compulsory education programme.

But by the 1960s, the programme was no longer suited to the needs of the social, scientific and technological environment. In February 1965, the People's Chamber passed a law on the unified socialist education system that increased to 10 years the length of compulsory education for the entire country. Every youngster would have both the right and duty to study in the 10-year comprehensive technical schools. In addition, professional education has also been universalized.

Higher education has also been greatly developed. Now, college students number 130,000, and 12 percent of the country's population of 16.64 million have had a higher education. In 1988, education investment of the GDR reached 15.4 billion marks.

Economic management. As for

an economic management system, the GDR has proceeded from its objective conditions and established a large Kombinate management system in the 1970s after much study and reform. Under this system, industrial enterprises belonging to the same trade are united to form Kombinate which are led by state or various districts. The main-factory system works through a network of Kombinate. Each Kombinate has a main factory, while branch factories remain relatively independent. Though they accept state planning they each do their own accounting and keep their original names and are legally independent firms. The Kombinate is regarded as the chief column of the GDR's national economy. They link scientific research, production and sales, forming a complete system. They also have close connections with research institutes, colleges and universities.

Under this system enterprises can concentrate capital and manpower so as to effectively develop key technology, speed up the application of science and technology in production, facilitate the research and development of new products, and quickly respond to the demands of the international market with a competitive edge.

In recent years the GDR leaders have repeatedly stressed that the state must pay much attention to granting autonomous rights to enterprises within the Kombinate category. In 1988 the GDR made a test in 16 combines to expand the investment funds that are raised and used by themselves. On the basis of experience of these enterprises, the Seventh Plenary Session of the Party Central Committee at the end of last year decided to gradually pursue a new investment policy in the productive sections of the national economy beginning 1990.

In order to improve the art of managerial personnel, the GDR

has set up a system to regularly train managerial cadres at all levels. The Party Central Committee set up an institute on socialist economic management to specially train senior cadres for national economic management.

The Central Committee sends ministers, vice-ministers, general directors of the Kombinate, Party secretaries in charge of economic work in various districts to retrain and update their skills there for five weeks once every five years.

The institute is also responsible for developing a reserve group of cadres. The leading cadres in Kombinate and other enterprises who are younger than 40 years old with higher-educational experience also receive a three-month training course here once every five years.

Living standard. The Party and government of the GDR believe the state should be constantly improving the people's living standard while at the same time developing the economy. Only by doing this can the superiority of socialism be proved and the attraction of socialism be increased. The eighth Party Congress in 1971 clearly advanced the general policy that economic policy and social welfare policy should be unified. The improvement of people's living standards and the workers' ever-mounting enthusiasm for labour have strongly promoted economic development.

GDR socialism is attractive since it has had good results in improving the people's living standards and the people in turn are generally satisfied with it. Despite being a neighbour of the most developed capitalist country in Western Europe, the GDR has always maintained its social stability and there has not been any turmoil since its founding. This is also one of the reasons that the GDR's economy has enjoyed a long and stable era of development. □

Between Army and People

by Our Staff Reporter Yao Jianguo

By early July Beijing's summer season has already begun. Despite the temperature of over 30 degrees centigrade, however, Wangfujing Street, one of Beijing's main shopping centres, is packed with pedestrians coming and going, and shops are teeming with bustling customers. Business here is, indeed, brisk. The scene of prosperity and excitement from former days has presented itself to us again. The sight of two or three sentry guards occasionally patrolling the streets reminds people of the disturbances which erupted over a month ago, and that the martial law is still in force in parts of Beijing.

The Western Changan Boulevard is Beijing's major thoroughfare. When I came upon a PLA unit of the martial law enforcement troops, I saw a young primary school teacher taking three of her pupils along to a sentry post. Pointing to a PLA soldier on duty, she told the pupils,

"Without the PLA soldiers standing guard for us, there would be no peace and tranquillity in the capital, nor would there be a good environment for study..."

Hearing this, the pupils called out, "How're you, uncle soldier?" The soldier, who was besieged and beat by rioters and misunderstood by people unfamiliar with the truth about the event at the very beginning of the enforcement of the martial law in the city, was moved to tears.

People's Army

Between mid-April and early June, plotted by a handful of people, the student unrest in Beijing developed into turmoil and finally evolved into counter-revolutionary rebellion. At this critical juncture which concerned the destiny and future of the state, the People's Liberation Army (PLA) was ordered to enter Beijing to carry out the martial law decree and quell the riot.

However, because of the rumour that the PLA had come "to suppress the students and the masses" spread by a handful of bad elements, some people in the crowds tried to intercept and block the advance of the PLA.

Despite the fact that people were blocking their movement, the martial law enforcement troops took a very restrained attitude. Kuai Wangui, deputy director of the political department of one division, recalled that on May 19 when his motorized unit was advancing towards Beijing, it was besieged for three days and four nights and the soldiers could not get down from the vehicles to drink, eat or sleep; in the confrontation with rioters some soldiers were so badly battered that they were covered all over with cuts and bruises. Even under such circumstances, officers and men did not strike back, but instead were patiently persuading and explaining their work. Kuai explained, "Because we are soldiers of the people, we could not hurt the masses; so we strove to avoid conflicts." What confronted us were crowds, unaware of the truth of the matter, and a handful of bad elements.

Kuai said, "On June 3 when we were moving towards Tiananmen Square, our unit was also intercepted and attacked by rioters. To avoid hurting the ordinary people and attack a handful of rioters, we had to get down from our vehicles and line up to move ahead, the 7-km course took us four and a half hours; 280 officers and men of our division were injured, a high price to pay."

The video tape showing the truth about the counter-

Beijing residents offer watermelons to on-duty martial law enforcement soldiers.

LI JING



revolutionary rebellion stunned many Beijing citizens. Wang Sen, section chief of the Bureau of Civil Affairs of Xicheng District of Beijing, said, "The fully armed soldiers besieged by unarmed people ignorant of the truth couldn't move a single step, thousands of officers and men were injured, and more than 1,000 military vehicles were burned or destroyed. When I saw soldiers who would be injured and finally killed in cold blood rather than strike back, I couldn't help shedding tears." This kind of behaviour could only be done by a people's army. During the quelling of the counter-revolutionary revolt, the PLA demonstrated with their own blood and lives that the aim of the troops entering Beijing to carry out the martial law decree was not to suppress the masses, but to defend the capital and the local people.

Masses' Support

In China, the people cherish profound feelings for the People's Liberation Army. During the quelling of the counter-revolutionary rebellion, although some people, instigated by a few bad elements, blocked the advance of the martial law enforcement troops, they renewed their trust in and love for the PLA once they knew the facts about the event. Many other people did not believe in the rumours but instead firmly believed that the PLA, being the people's own army, would not suppress the people. At critical moment they stepped forward to protect and save many PLA officers and men, demonstrating that the relations between the army and the people are as close as between fish and water.

The officers and men of the 4th Company of one army unit of the martial law enforcement troops recounted that on the



Martial law enforcement troops and Beijing residents enjoy an art performance.

morning of June 4, they were surrounded by rioters and some other people ignorant of the facts at Zhushikou in Xuanwu District. At that time, when a group of rioters, with clubs and kitchen knives in hand, sprang on them, the situation was critical. At that moment, Ma Yuru, an old man, and seven other residents of No. 22 Compound in Zhushikou made their way into the crowds and took 28 officers and men to their homes for safety. Some unidentified people followed behind, demanding that they be allowed to take the PLA soldiers away. Ma Yuru said sternly, "The PLA soldiers are our guests; without government orders, without legal certificates, don't imagine that you can take away even one of them." After that, residents of the compound, armed in self-defence, took turns guarding the entrance against the entry of any bad elements. That evening, Ma Yuru got in touch with local police station and the police force, and the 28 officers and men returned safely to their army unit.

Meng Qingjun, a soldier of the martial law enforcement troops, went into the city with his army unit in the small hours of June 4.

As they marched on Qianmenwai Street, the army unit was dispersed and Meng Qingjun, pounded by bricks, fell unconscious. As he came round to the shouts, some rioters not only again attacked and beat him, but also poured gasoline over his body, threatening to burn him to death. At this critical moment, more than 20 approaching university students pushed back the rioters and sent Meng Qingjun to a hospital by tricycle. Having been given quick, emergency treatment, Meng Qingjun was soon pulled through. Then he returned to his army unit on June 9, still trying to find the unknown university students who saved his life.

Such event are too numerous to mention. Statistics show that during the time when counter-revolutionary rebellion erupted in Beijing, the masses of Beijing protected and housed around 1,000 martial law enforcement soldiers, armed police and public security officers.

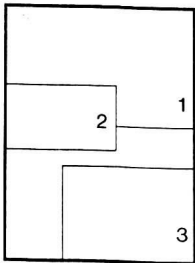
In the process of putting down the counter-revolutionary rebellion, while some rioters were deservedly shot dead, some onlookers were accidentally killed or wounded, the masses grieved for

Order Restored in Beijing

The student unrest and turmoil in Beijing in late April developed into a counter-revolutionary rebellion in early June, which was aimed at overthrowing the socialist system. The government promptly sent troops and quelled the rebellion. At present, although martial law on parts of the city is still not lifted, the city has returned to normal in every aspect.—Ed.

1. 2. During the turmoil, the lawns on Tiananmen Square were badly destroyed. Soon after the quelling of the rebellion, martial law enforcement troops and garden workers restored the lawns.

3. Beijing citizens come to the army barracks to show their love and gratitude. A young pupil plays his violin for soldiers.

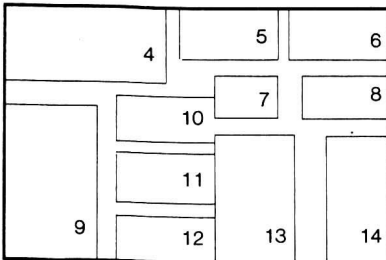


4. On June 27, some 10,000 young pioneers in Beijing gathered in Tiananmen Square to hold their first pioneer day activity since the quelling of the rebellion.

5. The turmoil and rebellion has not delayed on-going construction for the 11th Asian Games to be held in Beijing in September 1990.

6. Unis Soto (first from left), general manager of the Beijing Jingsheng Copper Pipe Co. Ltd., a Sino-Chilean joint venture and Valenzuela (second from left), chief engineer, conduct an inspection in workshops. They are satisfied that production has not been affected by the turmoil.

7. The Sino-Italian joint venture Orafi Ornament Co. Ltd. enjoys a high international reputation for its products. The company continued running normally during the turmoil and rebellion. Li Xin, general manager, is with technical workers.



8. Shunyi County in the suburbs of Beijing had a bumper harvest from its 41,300 hectares of wheat.

9. Visitors enjoy a wonderful scene at the Lotus Flower Festival now going on in Beihai Park, downtown Beijing.

10. Night life of the Beijing people returns to normal. A partial view of an evening clothes market at Xidan Street, Beijing.

11. In the evening, chess fans are often seen "fighting" among the many side streets and small lanes.

12. Bird raising is a special hobby of Beijing elders. Every morning, they bring their caged birds to the parks and streets to enjoy the fresh morning air.

13. On July 7, more than 34,000 students took the college entrance examination for 1989 at 1,209 examination sites in Beijing. Pictured is a site at the Beijing No.44 Middle School.

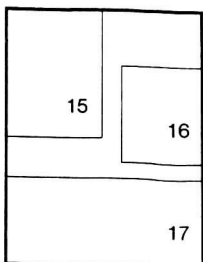
14. All the 1,900 students of the Capital Medical College had returned to class by June 19. These students are having an anatomy class.

15. Every summer, several suburban counties in Beijing hold watermelon festivals which attract many visitors. This is the watermelon festival in Daxing County.

16. Foreign customers at the Beijing Friendship Store.

17. The Palace Museum, closed during the turmoil, reopened for tourists on June 13.

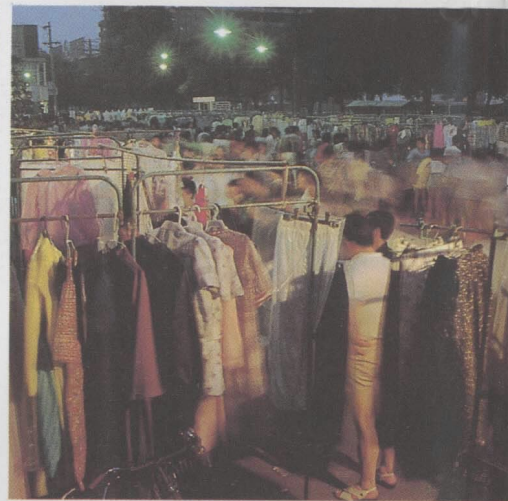
Photos by our staff reporters Chen Zonglie, Xu Xiangjun, Yang Liming, Xue Chao and Wang Donghai, and Xinhua reporters. □

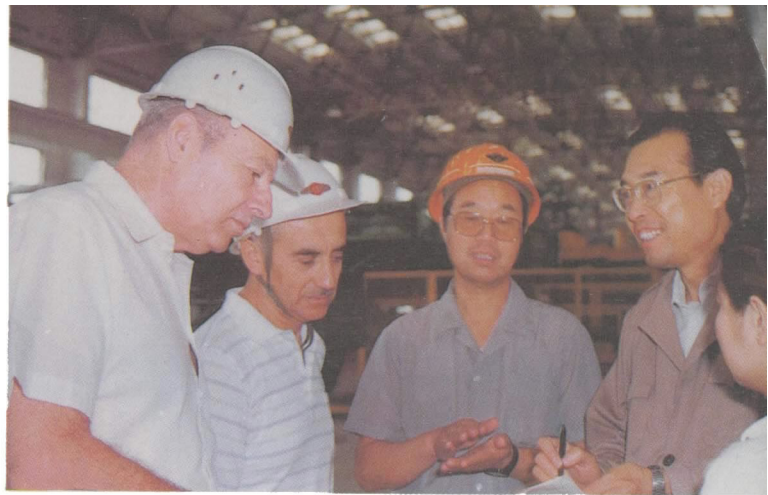




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this, but they also expressed their understanding. In the Fuxingmen No. 2 Residents' Committee, I interviewed a retired worker Liu Junqing, whose grandson was accidentally injured by a stray bullet but has now recovered his health. She said, "We'd settle accounts with the rioters. If the PLA officers and men were not intercepted and beaten and military vehicles were not burned, they wouldn't have fired."

Division of Civilization

In one division of the martial law enforcement troops, I saw a silk banner bearing the words "The Division of Power and Civilization." It had only been a month since the martial law enforcement troops entered the city. How did they win such reputation?

Wang Bingfu, the division's secretary chief who is responsible for mass work, said, "On June 4, our army unit was ordered to garrison itself in Zhongshan Park, situated in the centre of the city. Since there are many ancient buildings, pines and cypresses in the park, our army unit devised a special list of 15 prohibitions, including the writing, painting and inscribing on pavilions, corridors, houses or ancient trees; and the drying of clothes on trees. In order to

avoid fire, although we had not had hot meals for two days, we did not eat any other food than ship biscuits until we evacuated the park three days afterwards. The engineer battalion to which our army unit belonged had neither housing nor bedclothes the day they were garrisoned. It rained that day and our officers and soldiers had to pass the night lying on the ground under trees. Although wet to the skin, none of them entered the building to seek shelter from the rain."

Their strict observance of discipline also was evident in their duties. I carefully observed some of the sentry posts in Tiananmen Square and at major crossroads on Western Changan Boulevard. The guards were in gallant array, standing with correct postures, strictly observing military discipline, and showing civility to the people. Since this army unit entered the city to enforce the martial law, no officer or soldier has quarrelled with the masses.

People in the capital will never forget what the officers and men have done. Not long after putting down the counter-revolutionary rebellion in Beijing, the martial law enforcement troops sent several thousand officers and soldiers and several hundred vehicles to remove roadblocks and rubbles

in order to quickly restore the urban traffic; upon learning that the city had supply difficulties, the troops sent vehicles to transport grain, vegetables and non-staple food; in order to restore a respectable appearance to Tiananmen Square, officers and soldiers cleaned the environment, cultivated lawns, planted flowers and trees together with cleaners and gardeners; medical and repair groups were sent to the streets and residential areas to serve the people.

Through their display of civilization and their love-the-people activities, the martial law enforcement troops have won great understanding and trust of the masses. The masses of people spontaneously set off an upsurge of activities to extend their greetings to the martial law enforcement troops, swamping them with an avalanche of letters to express appreciations and sending them large amounts of goods and materials. Su Zhenxian, a staff sergeant of one unit, said to me that they were very moved when they saw so many units and organizations come in to express their appreciations.

Through checking the turmoils and quelling the counter-revolutionary rebellion, the relations between the army and the people will become ever closer. □

Beijing After the Counter-Revolutionary Rebellion

by Our Staff Reporter Wu Naitao

Liu Li, a tourist from Sichuan, found Beijing, with the exception of the soldiers of the martial law enforcement troops standing guard in some places, unlike his expectations of a city which had just experienced a

counter-revolutionary rebellion.

Liu who came to Beijing for the first time with a domestic tourist group said to this correspondent, "I've been to almost all the major scenic spots in Beijing. Unfortunately, time flies

so fast that I'm afraid I won't be able to go to the Great Wall this time."

In July, a good tourist season in Beijing, people from other provinces, like Liu Li, can be found everywhere in the capi-

tal's parks and shopping centres. However, compared with the previous years, the number of Chinese and foreign tourists is obviously fewer, evidence of the effects of recent events. But, although tourist and commercial departments are having a hard time, Beijing citizens have discovered more space and other benefits for themselves in the city. Public places and traffic are no longer unbearably crowded; the prices remain stable; and people do not have to queue up to buy things.

Factories

According to the statistics of the Beijing Economic Commission, after the city's more than 170 bus and tram lines and the subway restored normal operation from 5 am to 11 pm on June 13, by June 22, all 900 industrial enterprises under the 16 industrial corporations of the commission had begun normal production.

When the Beijing General Inter-Combustion Engine Plant started up operations on June 10, the workers showed great enthusiasm in their work and assembled 640 gasoline-fueled engines on June 16, hitting an all-time production record for the factory. Director Huang Jixin said, the factory, with 20,000 employees, can only operate normally with 2 million yuan of income of sales and 200 million yuan of available funds each day. In June, however, it suspended production for almost ten days. Without almost any income during those days, the factory found it a problem to simply pay the workers' wages for the month. Director Huang explained the situation clearly to the workers, and pointed out that they must strive to make up for the losses caused by the rebellion if they want to protect



Workers and staff of the Beijing Tianlong Bottle Top Factory stand fast at their post and strive to raise their factory's economic returns. The factory has an annual output of 2,000 tons of bottle cups and in May and June of this year the value rose 6.3 percent compared with the same period last year. XUE CHAO

the results of reform, fulfil the targets for which they have contracted and raise the enterprise's economic efficiency. Hearing this, all the workers agreed to work overtime to increase production. Today, "Make up for the losses caused by the rebellion" has become a universal slogan of the Beijing industrial systems.

Recreational Business

With regard to recreational businesses, the hope of making up for the losses lay in continuing to provide service. In early June, almost all the recreational facilities in the city had to suspend operation. Li Musha, manager of an amusement centre in the busy Xidan shopping centre, said because the centre is responsible for its own profits and losses they were unwilling to close their doors. But, during the days when they had no customers, they had to temporarily close the business.

Until about June 10, with an easing of the tension, many public places reopened. Riding a

bike here and there in the downtown area on July 10, this correspondent saw people buying tickets at many cinemas and theatres and, in fact, according to a local newspaper's column of film announcements that day, there were 47 cinemas showing films. Yu Xiaoli, a responsible member of the Shoudu (Capital) Cinema, admitted that the cinema's seating capacity in the second quarter was only 77 percent, a drop of 4 percent from the first quarter; the night show has not been revived. But, she said, the situation has taken a turn for the better in July. Between July 1-5, the cinema gave 59 shows, and the seating capacity equalled that of the same period last year.

However, Li Musha, who runs a billiard room and a cafe, complains that although he has extended the business hour to 12 pm, his business is still not as brisk as before. Talking about the reasons which adversely affects the turnover of recreational facilities, the man said that

after dark, the sentries of the martial law enforcement troops would sometimes stop passengers and examine their identification cards. "Since most Beijing citizens are still not used to carrying their ID's, they avoid trouble by reducing their nighttime activities," Li said.

Evening Market

Nevertheless, Beijing's evening is still bustling. Everywhere on the street pavement there are people enjoying the cool air or taking a stroll as children chase each other about the lawns. Round-the-clock watermelon stalls are sprinkled like droplets of rain on nearly every street and lane, as the owners solicit customers loudly under the bright electric light. A private stall owner said he sells watermelon two months out of every year and finds this year's business as good as before. "I've earned this sum," he said, holding up three fingers to indicate that he already had made 3,000 yuan.

In a nighttime garment market at the Xidan crossroad, the several dozen stalls selling col-

ourful summer fashions were surrounded by customers; those who really did buying, of course, are as always young girls pursuing things in vogue. A market manager said that as before, the night market is now open till 10 pm, and the business is brisk with many customers. But, he said, high-quality items do not sell as well now as in the past when expensive clothes enjoyed very brisk sales. He wondered if there was a change in the purchasing psychology of consumers.

The Lotus Flower Art Festival sponsored by Beijing and Sichuan Province's Chengdu City opened on July 8 in downtown Beihai Park. The 810-year-old park, dotted with more than 50 clusters of Beijing and traditional Chengdu artistic lanterns and 40 lotus flower gardens, is lit up after dark with the aid of lasers and sound-control techniques. A magnificent and rare Sichuan dragon lantern, exquisitely made of sugar, weighs 4 tons. The lotus flowers, 150 varieties in all, are superior plants carefully selected from all over the country. On the opening day,

more than 30,000 people, bringing along their old and their young, attended the festival.

Summer Vacation

Like years past, primary and middle schools in Beijing began their summer vacation on July 13 so more and more students have taken to the streets. Particularly video games rooms and swimming pools now resound with their noise and excitement. Ding Liping, dean of a primary school in Xicheng District, said the list of the city's unified entrance examination for junior middle schools was published on June 20 and work on recruiting new primary school pupils was completed as scheduled. The number of students applying for the evening art and music classes run by her school during the summer vacation has already topped the allowed number.

The nation's annual unified university and college entrance examinations wound up on July 9. According to Zhan Shenggen, deputy director of the office in charge of the enrollment work of institutions of higher learning in Beijing, 34,800 Beijing students took the entrance examination this year, and the ratio of those to be admitted is 2.2:1. It is reported that this admission ratio is the highest for Beijing examinees since restoration of the college examination in 1977. University entrance examination is a big event in China. During the examination, related departments in Beijing adopted measures to ensure a successful examination process. The power supply bureau ensured power supply for the areas where the examination was held. The public traffic department increased the number of buses and trams to enable all the examinees to get

People enjoy Beijing snacks at the Dongdan night open-air food market.

CHEN ZONGLIE



to the examination halls on time.

Service

Most of the capital's small and medium-sized department stores, catering and service establishments and banks resumed business on June 9. The four biggest department stores in Beijing—the Wangfujing Department Store, the Dongan Market, the Xidan Emporium and the Longfu Mansion—reopened their doors on June 10 after six days' suspension of business, operating as in the past 12 hours a day. According to a manager from the Wangfujing Department Store, the average daily flow of customers is now about 70,000 and the daily turnover is 900,000 yuan, down from last year's figure of 1.3 million yuan. The management department plans to strengthen its advertisement and publicity and take various measures to attract customers in order to restore the store's sales volume to normal as quickly as possible.

A dozen or so people, two-thirds of them intending to deposit money in the bank, formed a queue at a savings bank in Nanlishi Road. One old man named Liu who was depositing 3,000 yuan said, "Some time ago, people were on tenterhooks and I withdrew all my fixed deposits from the bank. Now everything is all right and it's of no use keeping the money at home. I'll deposit it again in the bank."

Before and immediately after the rebellion in Beijing, the city's telecommunication, civil aviation and railway links with other parts of the country and other countries remained open. The Beijing Airport was not shut for even a moment and scheduled domestic and international flights were operating

normally. Passenger trains at the Beijing Railway Station were also on schedule. Early in June, the number of telegrams handled by post and telecommunication offices in Beijing doubled and redoubled. Most of the telegrams inquired about or informed of the safety of the citizens in Beijing. On June 10, this correspondent visited the Telegram Centre located in downtown Beijing and found only a few people queuing to send telegrams although people did form a queue at the domestic and international windows for direct-dialing telephone kiosks; at that time, all 20 telephone kiosks were occupied.

Tiananmen Square

The Tiananmen Square has been restored to its former clean and dignified appearance, as soldiers in full battle dress stand guard. Except for certain collective activities that can be held on the square, people are not allowed to pass at will through the area. But all motor vehicles and bicycles can freely pass the area in front of the Tianmen Gate and the eastern and western sides of the square. Some quick-witted treadlers have seized the opportunity to put their double-seat tricycles near the edge of the square and be available, for a charge, to transport those who want to have a careful look of Tiananmen and the square.

The Tiananmen Rostrum which was closed for more than a month reopened to visitors on July 1. A continuous stream of visitors have mounted the rostrum to overlook the five-km-long Changan Boulevard and the Tiananmen Square. According to Yuan Heng, a responsible member of the Tiananmen Rostrum Administrative Office, since the reopening of the ros-

trum, it has, on the average, received 1,330 visitors daily, most of whom come from outside the city.

To the north of the Tiananmen Gate is the Wumen (Meridian) Gate, which is also the southern gate of the Palace Museum. According to Wang Xiulan, a responsible member of the Wumen Gate booking office, an average of 20,000 tourists visit the Palace Museum daily, a lower figure than that of the same period last year. One of the reasons, Wang said, is that pedestrians cannot go directly to the Palace Museum from the Tiananmen Gate, but have to detour to the Wumen Gate which takes them half an hour. Many visitors from other parts of the country have lost the chance to visit the Forbidden City because they didn't know the route.

Soldiers

Since the martial law was enforced in Beijing, the soldiers have observed rigid discipline. They do not go into the streets at their leisure except while on duty and therefore very few soldiers now can be seen in the streets. Those soldiers on sentry duty casually rest their hands on their tommy gun handles. The Changan Theatre at Xidan crossing is the only recreational place in Beijing where, as this reporter has found, soldiers are stationed. Two guards stand at the theatre gate with loaded rifles. Although they look carefully at all who pass by in this busy section of the city, the pedestrians pass them leisurely and look carefree. They take their meals in the nearby restaurant, do shopping to the right of the theatre and have their cold drinks at the night market just opposite. Though not forgetting that martial law is still in force in Beijing, people are going about their business as usual. □

Beijing Tourism Picks Up

by Our Staff Reporter Han Baocheng

Beijing's tourism, seriously affected by the May upheaval and early June riots, is gradually picking up.

More and more tourists from abroad, Hong Kong, Macao and Taiwan are coming to the well-known tourist spots like the Palace Museum (Forbidden City), Tiantan (Temple of Heaven) and Tiananmen Rostrum, now open again for visits, because the situation in the city is stable and has returned to normal.

An official from the Beijing Tourism Administration said that the occupancy of some of the big hotels in the city has risen to 40 percent from 20 percent in early June. In contrast, in previous years, almost all tourist hotels in Beijing were fully booked during this time.

From July 12-13, the International Tourism Seminar, sponsored by Beijing Tourism Administration was held in Beijing's Kunlun Hotel. Six hundred people representing over 290 travel agents and travel services from 29 countries and regions, including Japan, the USA, the Federal Republic of Germany, France, the USSR and Singapore and Hong Kong exchanged views on how best to boost China's tourist industry.

Bo Xicheng, head of the Beijing Tourism Administration, said in his opening speech that what started out as a student upheaval turned into a counter-revolutionary rebellion. This upheaval lasted for more than two months and caused great losses for Beijing's tourism industry. Many travel agencies were forced to cancel already booked tours and a large number of Beijing and China tourists



Bo Xicheng, head of the Beijing Tourism Administration speaking at the 1989 Beijing International Tourism Seminar. ZHOU YOU MA

changed either their dates or their itineraries. This, of course, caused a drop in hotel registrations and the income of related tourist businesses such as restaurants, shops, and taxis.

Bo said the situation is now favourable for discussions concerning conducting normal activities in the city. The social order is back to normal and all tourists visiting Beijing are safe. There is no problem regarding this. He expressed the confidence of colleagues and himself that within a short period of time the tourist industry throughout the whole country will not only recover but flourish. Because China's political situation is stable, he added, it will firmly and unswervingly uphold the policy of reform and opening to the outside world.

Before this gathering, Bo Xicheng said to representatives of Sino-foreign joint venture hotels that Deng Xiaoping, in his earlier talk to military circles, made it clear to the world that

China would continue to carry out economic construction as its central task, adhere to the four cardinal principles (keep to the socialist road, uphold the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought—Ed.). If anything was lacking, he said, then it was reform and opening to the outside world. To this end, China not only welcomes foreigners to visit Beijing and other tourist places in China, but also encourages foreigners to invest and do business here. The Chinese government, Bo said, has the ability to protect the interests of all foreign businessmen who invest in China. He noted that about 60 percent of visiting foreigners usually come to Beijing on business and the remaining 40 percent as tourists. He believes that when the situation normalizes and when foreign countries understand the truth about the riots, more tourists will

return. The Beijing tourist industry, after ten years of development, received 1.2 million overseas tourists in 1988.

Before the foreign guests spoke at the seminar they visited Tiananmen Square, Tiananmen Rostrom and went on a sightseeing tour around the city.

The foreign representatives of Sino-foreign joint venture hotels in Beijing also spoke up at the meeting. Many of their administrative employees, together with the Chinese staff, of 15 joint venture hotels carried on their duties as usual during the difficult days of the riots.

The deputy-director of the Dynasty International Tourist Inc., of America, Mr. D. Frank Mazzucchi said that before he arrived in Beijing, the only fact he knew about the situation was that Beijing was under military control and that the armed soldiers were stationed around the city. But when he arrived he was met with smiling faces. Mr. Mazzucchi said, "The relaxed situation which I saw reminded me of the situation I saw before I left on June 4." In brief, he was given a warm and friendly welcome in Beijing and, though there are some changes, he said, they are minor. On the night he arrived, he telephoned his wife in America and told her that it was safe to walk at night on Beijing

streets. He believes that China's tourist industry should recover soon because many places around the world cherish their friendly relations with China. It may be too optimistic, however, he said, to hope that the previous situation will return by the end of this year.

Mr. Chan Shu Ying, general manager of the board of Man Lee Hang Travel Co. Ltd., said that the tumultuous situation is receding faster and faster each day, and that so long as travel delegations keep coming, tourism will pick up. When the delegation members return home, they can surely relate the truth about conditions in Beijing to their countrymen. This is the best publicity, he said.

Ms Anita Borzel, assistant manager of Ruoff Travel Co. of the Federal Republic of Germany, said that she also felt safe after she saw Beijing with her own eyes. Her company will arrange a 25-person tourist group to tour Beijing and Xian next month and she will tell her colleagues that Beijing is safe when she goes back. She said Beijing was thronged with crowds when she came last year, but now with fewer people on Tiananmen Square and at the front gate of the Palace Museum, it is a good chance for travellers to travel about freely without the crowds.

Whether the delegations to China will enjoy an announced 20 percent preferential discount treatment, or not, is to be settled after further talks with the Chinese side.

Most of the representatives from the foreign traders in their speeches expressed their understanding of the reason for the martial law enforcement troops' presence in Beijing, and, at the same time, they suggested that the mass media be kept abreast of the current situation. Some representatives sincerely hope that the martial law enforcement, taking into consideration the resumption of China's tourist enterprise, will end as soon as possible in Beijing. In regard to this point, Mr. Bo explained that the martial law enforcement troops were limited to Beijing and Lhasa, the capital of Tibet Autonomous Region, and did not cover the whole of China's 9.6 million square kilometres. He also explained that the martial law now enforced in China is a different concept from what a foreigner might understand it to be. The purpose of the martial law enforcement carried out by China is to safeguard the sanctity of the Constitution and law, and defend the safety of the capital, its residents and, of course, visiting foreigners. Bo Xicheng added that no foreigners were hurt

Foreign visitors stroll across Tiananmen Square.

CHEN ZONGLIE



Foreign and Chinese sightseeing tourists near the Monument to the People's Heroes on Tiananmen Square.

CHEN ZONGLIE



since the implementation of martial law. The Chinese government is confident that it can safeguard all foreigners.

Mr. A. Anponio Zamora, general manager of the Great Wall Sheraton Hotel Beijing, situated in Beijing's northeastern suburbs, asked all his foreign and Chinese staff to carry on their duties as usual. He had to leave Beijing for Hawaii in mid-June because his father was ill but on July 7 he returned to the hotel.

In February this year, the Hong Kong joint venture Beijing Yanshan Hotel opened in Beijing's northwest Zhong Guancun, an area where several universities are located. General manager Mr. Yuan Weiming (Johnny Yuen), an American-Chinese, said that near his hotel he sees people riding bicycles on their way to work each morning, people playing chess at dusk, young couples chatting along the roadside and stores bustling with busy shoppers. He said that if he hadn't seen such life in Beijing with his own eyes he would not have believed it. When foreign-

ers hear that Beijing is under enforced martial law they easily have misconceptions. He said the news media, the newspapers, TV and journals, should tell the outside world how life in Beijing is just as normal as before.

On June 3 when the rebellion broke out in Beijing, Mr. Yuan was in Hong Kong soliciting foreign staff for the hotel. After learning of the situation in Beijing he decided to return ahead of schedule and on June 14, when he was back in Beijing, he discovered that the situation was not as serious as had been reported by the news media in Hong Kong. He at once asked his foreign staff who had already left Beijing to return, and within three days they all came back.

The Hotel Beijing-Toronto, situated about three kilometres east of Tiananmen Square, is also a well-known Hong Kong joint venture tourist hotel. During the riots, except for the Hong Kong general manager, most of the Hong Kong administrative staff left Beijing. During the

most difficult days, however, the Chinese staff remained at their posts and carried on hotel business as usual, even volunteering, in order to cut down expenses, to take a cut in their salary. A week later all of the Hong Kong staff returned to the hotel; they showed deep gratitude to the Chinese staff for their persistence and sincere co-operation.

Some in the Beijing tourist industry have been worried about losing their jobs because of the drop in business. With regard to this, Bo Xicheng said that soon after the quelling of the rebellion in Beijing, the Beijing Tourism Administration issued a notice to all enterprises, stating that it is better to suffer immediate monetary losses, than to lose regular staff. This is, he said, because they have full confidence in the future of the tourist industry. The present task, according to the Beijing Tourist Administration, is to educate the staff and prepare for the return of tourists to Beijing so that improved services can be provided. □

China's Foreign Trade Strategy

by Ji Chongwei

The opening up and the economic structural reform introduced by the Chinese government in 1979 have brought tremendous economic and social changes in China. Rapid progress has also been chalked up in the country's economic and trade relations with foreign countries. The total volume of China's foreign trade soared from US\$29.3 billion in 1979 to US\$102.8 billion in 1988, or 28 percent of the gross national product. The vol-

ume of exports rose from US\$13.6 billion in 1979 to US\$45.4 billion in 1988. Of the export commodities, the proportion of finished products increased from 46 percent to 69 percent. By 1988, China had utilized foreign loans totalling US\$30 billion. The establishment of 16,000 joint ventures, co-operative enterprises and exclusively foreign-funded enterprises had been approved by the government. Of these, over 7,000 had been completed and had gone into operation. A total of US\$11.5 billion in direct foreign investments had been absorbed and some 20,000 advanced technological items introduced from

abroad.

Strategy for Developing Foreign Economic and Trade Ties.

China is a big country with a population of 1.1 billion. While its industrial and agricultural production techniques are comparatively backward, its domestic market presents a huge demand for goods of all kinds. The per-capita distribution of land and various kinds of natural resources is far from ample. For instance, China's arable land stands at only 7 percent of the world total, but it must feed one-fourth of the world's population. And the supply of grain and foodstuffs is, relatively speaking,

The author is secretary in charge of day-to-day business and research fellow at the Economic, Technological and Social Development Research Centre of the State Council.

inadequate. The demand for most industrial and agricultural products has for a long time outpaced the supply. Since the founding of New China in 1949, the country has basically implemented an internally oriented autarkical economy. The total volume of foreign trade made up only 5 percent of the gross national product. The import and export of goods were simply a means of evening out deficiencies or surpluses. The small amount of technology and equipment imported by industrial departments was used for import substitution and to meet domestic needs. Since China introduced the policy of opening to the outside world in 1979, attention has been paid to expanding exports and increasing the import of technology and equipment as well as other means of production needed for construction to lend impetus to national economic development.

Over China's vast territory, economic and cultural progress is uneven. With fairly developed transport, the economic, cultural, educational and scientific and technological level in the eastern coastal areas is comparatively high, whereas the interior, especially the border areas in northwest and southwest China, is inaccessible and backward. Therefore, opening to the outside world has gradually proceeded from east to west and south to north. So far as the entire country is concerned, in respect to the strategy for developing foreign economic and trade relations, China cannot adopt an overall export-oriented policy and promote an economy geared to foreign markets like a small country or an island state. China will adopt the open strategy of combining the production of import substitutes with an export-oriented economy, while expanding economic relations and co-operation with other countries and enhancing its competitiveness on the

world market. Various localities and industrial departments should, in accordance with their own conditions and characteristics, adopt different developmental strategies integrated with the situation of supply and demand on the domestic and world markets. For instance, some open cities and areas in the coastal areas and some textile and light industrial enterprises should mainly adopt a strategy for an export-oriented economy supplemented with the production of import substitutes. The interior, the metallurgical, machine-building and chemical industries should adopt a strategy for meeting domestic needs and producing import substitutes, supplemented by an export-oriented economy.

The most outstanding feature of China is its extremely rich labour resources. As of April 1989, China had a population of 1.1 billion. Of this, the rural population made up 60 percent, and its labour-age population accounted for 65 percent. Of the social labourers, 300 million, or 58 percent of the total, were engaged in agriculture, and 33 million were working in township enterprises.

While mapping out a strategy for economic and trade relations with other countries, attention will be paid to developing labour-intensive enterprises, especially attracting labour-intensive enterprises to transfer to Chinese mainland from industrially developed areas such as Japan, Hong Kong, Taiwan and South Korea. Efforts will be made to raise the proportion of mental labour and technology in these enterprises. Through technical progress, the export of raw materials and primary products will be replaced by the export of manufactured goods and finished products so as to increase the use and additional values of the exports.

While selecting the key export industries, China has adopted various kinds of strategies for

different industries:

—Efforts have been made to develop the export of the country's traditional products, such as light industrial products, textiles, foodstuffs, chemical and medical products, and construction materials, to diversify the variety and raise the quality of the products and improve packaging so as to keep up with the constant improvement of the world consumption level.

—Close attention has been paid to supporting and developing the export of machinery and electronic products, household electrical appliances, and durable consumer goods. Starting from labour-intensive components and parts, some products could be upgraded and manufactured into whole machines or complete sets of equipment for export.

—The development of high-tech industries has been speeded up and domestic technical forces organized to tackle technical problems in information, optical fibre communication, aviation, space navigation, bio-engineering and superconductor materials, simultaneous attention is called to assimilate the high-tech scientific research achievements of the developed countries, and strive to co-operate as far as possible in research and development with foreign enterprises and scientific research units. China should first of all develop products which are used as import substitutes and then gradually develop high-tech and export-oriented industries.

Agricultural products which are needed on the world market and which we have comparatively advantageous conditions for growing and exporting are to be developed. As China should feed its 1.1 billion people with the grain it produces, it is unlikely to export large quantities in the future. The import and export of grain can only serve to make up the shortage in varieties in some areas, and a certain amount of

grain should be imported regularly to supplement supplies. But efforts should be made to expand our exports of cash crops, such as silk, hemp, tea, traditional Chinese medicines, meat, furs, down, feathers, bristles, aquatic products, fruit and other agricultural, animal and forestry products, especially of the varieties needed on the world market. To this end, a considerable number of export commodity production centres have been set up.

All in all, in China, a big country where the industrial structure and product mix are complicated, and where the various sectors of industrial and agricultural production together with the managerial and administrative expertise are unevenly developed, it is necessary to closely integrate the production of import substitutes with an export-oriented economy, adjust in good time the import and export commodity structure in keeping with the principle of comparative advantage according to the trend, while every effort should be made to export products in a diversified way.

With regard to exports, China once imported excessive quantities of luxury consumer goods such as cigarettes, beverages, household electrical appliances and cars, and overlapping in imports of technology and equipment, has cropped up. In the future it is necessary to strengthen management over imports and strictly limit the import of luxury consumer goods. The import of important technology will be conducted by the related enterprises under the department responsible for the work.

In the management of foreign trade, we should set the volume of imports according to the volume of exports with an eye to keeping a basic balance between the total sums of money spent on imports and received from exports and avoiding an extremely adverse balance of trade.

In order to replenish the deficiency of funds at the disposal of the localities, China has attached great importance to the utilization of foreign capital. In the past decade, China has utilized over US\$40 billion in foreign exchange. Of this, foreign loans amounted to over US\$30 billion (one-third of which are long-term preferential loans granted by foreign governments, the World Bank and other international financial institutions and two-thirds of which are loans granted by foreign commercial banks or from the issuing of debentures). Direct investments by foreign business people reached US\$11 billion. China has adopted a policy of caution in handling the loans borrowed, paying attention to economic returns and maintaining debt-paying ability. As for direct foreign investments, the Chinese government has made efforts to improve the investment environment and strengthen the attraction. Too much investment absorbed in the past was channeled to tourism and other tertiary industries. But in recent years investments in this field have been restricted, and encouraged to flow into productive enterprises which can earn foreign exchange through exports and which can produce products for import substitutes with advanced technology. Conspicuous achievements have been scored. The amount of foreign exchange earned by foreign-funded enterprises has increased year by year and the figure has soared from US\$800 million in 1986 to US\$2.4 billion in 1988. Half of the foreign exchange was earned through the export of mechanical and electrical products. Fresh progress has been made by foreign-funded enterprises in motor vehicles, lifts, automatic meters, floating glass and medicine and reagent industries

Strategy for Developing Coastal Areas. China's opening up

started from the coastal areas. In 1979, the Shenzhen, Zhuhai and Santou Special Economic Zones in Guangdong Province and the Xiamen Special Economic Zone in Fujian Province were established, and they enjoy some preferential treatments in the import and export trade and in absorbing foreign capital. Some special policies and flexible measures have also been implemented in these two provinces. In 1984, China went on to open up 14 coastal port cities including Shanghai, Tianjin, Dalian, Qingdao and Guangzhou. In 1986, the Changjiang and Zhujiang deltas and the cities of Xiamen, Zhangzhou and Quanzhou in southern Fujian Province were designated as coastal open areas. In 1988, the State Council decided to reorganize the island of Hainan into a province, and set it up as the biggest special economic zone in China. Following this, the coastal open areas were extended to Liaodong and Shandong Peninsulas, completing the formation of a coastal open belt from south to north covering an area of 320,000 square km with a population of 200 million.

Early in 1988, China put forward its strategy for the development of the coastal areas, taking as a starting point China's national conditions such as the huge population, the per-capita arable land, relative scarcity of natural resources and the problems of job placement for a huge labour force. Considering the shift of labour-intensive industries from the industrially developed countries and regions to other countries, the strategy has offered chances for China to absorb foreign technologies and equipment. The investment environment in China's coastal areas is fairly good, the quality of the labour force is fairly high and wages are comparatively low, granting the coastal areas conditions for developing an export-oriented econ-

omy

China has followed the policy of opening up to all countries except for a few with special political features (Israel and South Africa). The eastern coastal areas, the central, western, interior and border areas are all open to the outside world—to socialist and capitalist countries, to developed countries and third world countries—for developing mutual economic and trade relations. But China has a vast territory and the emphasis of absorbing foreign capital and developing foreign trade should be placed on the coastal areas. In the past few years, these areas have made rapid progress especially in the case of Guangdong and Fujian provinces. Some unequal treatment has cropped up between the interior and the coastal cities, and the gap in economic development between the interior and the coastal areas has widened. On the other hand, because no different preferential policies have been implemented for different industries, some strategic industries (such as coal, iron and steel) which should be vigorously developed and some technologically advanced enterprises have not been properly supported. A major part of foreign capital has been channeled into the tertiary industry which is not urgently needed but which yields high profits and can quickly recoup the investment. Therefore, we shall gradually implement a policy of differentiation of industries into preferential grades in accordance with their importance so as to direct foreign capital into the urgently needed strategic industries.

Strategy for Developing Central and Western Regions and Border Areas. With regard to some large and medium-sized cities such as Shijiazhuang, Zhengzhou, Wuhan, Chongqing, Chengdu, Xian, Lanzhou, Shenyang, Changchun and Harbin in Chi-

na's central, western and north-eastern regions, some are located along the Changjiang (Yangtze) and Songhua rivers and others are hubs of railway transportation. They have convenient transport facilities and their industry and technologies are fairly developed. Some import industries and large key enterprises in these cities have held an important position in the country in the introduction of advanced technologies, the production of import substitutes or in earning foreign exchange for the state. Their economic and technological ties with other countries should be given full play in the future through the absorption of foreign investment and co-operation with other parts of the country

China's northeast, northwest and southwest boundary line stretches more than 20,000 km in length and borders a dozen or so countries. For example, it separates Heilongjiang and Xinjiang from the Soviet Union; southern Xinjiang from Pakistan; Jilin and Liaoning from Korea; Inner Mongolia from Mongolia; Yunnan from Burma; Tibet from India and Nepal; and Guangxi from Viet Nam. In the past decade, most of these areas have developed border and local trade and will continue expanding trade and developing economic and technological co-operation on the basis of equality and mutual benefit.

Although China's central and western regions, as compared with the eastern region, are more backward economically, they have rich material resources and a large supply of labour. Their prospects for development are bright, but because their communications services are underdeveloped, and because enormous financial resources are needed for their development, the investment environment leaves much to be desired as far as attracting foreign capital is concerned. Therefore in the near

future, their pace of economic construction and opening up will not be too fast, while most items of large-scale development and construction can only be carried out in the 21st century. At present, information, funds, technologies and management expertise of the coastal areas will be used to promote the technological progress of existing enterprises to improve the quality of their products. Enterprises with favourable conditions should strive to export their products and compete in the international market. In areas with rich resources, production and export commodity centres for agricultural and animal by-products may be set up, and an export production and circulating system covering the work of improving varieties, crop raising, animal breeding, processing and storage should be established so as to create a favourable climate for absorbing foreign investment

A railway from Xinjiang's Urumqi to Alma-Ata of the Soviet Union is being constructed. When it opens to traffic in 1990 as expected, it will be the shortest distance overland linking East Asia with the Soviet Union and Europe. A line from the port of Lianyungang in Jiangsu Province to Amsterdam in the Netherlands can form a continental bridge from the Pacific to the Atlantic. These projects will not only shorten the transport distance from China's northwest, southwest, central and eastern regions to the Soviet Union and Europe, promote the trade of this vast region with Europe and accelerate their pace of opening up, but also provide an overland route from various countries in the west Pacific to the western part of the Soviet Union and Europe. They can also accommodate international combined transport and play a strategic role in strengthening economic and trade relations between East Asia and Europe. □

Women Talk About Gifts

ZHONGGUO FUNU BAO
(China's Women)

With the rising living standard and the extension of social contacts among people, sending gifts including money to relatives and friends has become common. And the gifts are becoming more and more expensive. According to a sample survey in Jinzhou City, Liaoning Province, urban residents each spent 229.16 yuan on sending gifts in 1988, more than double what they spent in 1985.

A social economic investigation group of the Jinzhou municipal government recently conducted a survey among 100 women of different professions in 34 enterprises and units. The study showed that the women's mental attitude to sending gifts is quite complicated and some of them have very mixed feelings. (Some women gave more than one reason so the percentage total exceeds 100.) Their thoughts can be summarized as follows.

1. Go with the tide—54 percent.

A worker of 45 summers wrote, "Sending gifts has become a popular trend with everyone giving presents. It is considered unreasonable if you don't. One or two are not able to stop people from doing so."

A doctor, 41, said, "Generally speaking, I'm against this wind of sending gifts, but it has become an irresistible tide. You can't do any-

thing without sending gifts. Therefore, I have to go with the tide."

2. Oppose—51 percent.

"Sending gifts is an unhealthy tendency and a waste," said a 30-year-old female accountant. "I don't think that real friendship is bought by money." A shop assistant, 37, said, "Take the money given children at lunar New Year for example. I have five sisters, each of them has a child. If I give 10 yuan to each child, each of my sisters will give my child 10 yuan in return. Isn't it better that we don't give money to each other?"

A nurse, 27, said, "Sending gifts is not forced, but it is a bitter fruit which you eat yourself." A teacher, who is a provincial model worker, said, "Sending gifts has translated people's relationships into money relationships. If such a situation continues, the relationships of people will become colder and colder."

3. Support—13 percent.

A worker, 35, said, "It is beneficial and reasonable to send presents on holidays. There have been human relationships since the beginning of human society. If we don't send gifts to each other, life will have become lack-luster. And you can't succeed in business without bribing. Sending gifts is also an expression of thanks." A cadre, 45, said, "It is necessary to exchange gifts in normal social intercourse among people."

4. There is no option—9 percent.

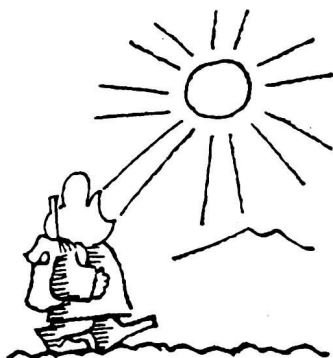
A woman worker wrote, "How can you not send gifts and give bribes when most people do? Even pupils in primary schools are sending New Year cards to their teachers."

5. A cause of worry—6 percent.

A business woman, 43, said, "The presents people send nowadays are getting more and more expensive. It makes my head ache when too much money is spent on presents at holidays and every New Year. I cannot afford that expenditure." A cadre, 38, said, "This wind has gone from bad to worse."

From women's thinking described above, one can see that people send and return presents to each other for various reasons and this has caused a vicious circle which has raised a wind of sending gifts. Therefore, how to destroy the old and establish the new according to the customs of people and how to set up new relationships among people are new problems worth discussing.

(May 26, 1989)



SHENG XINYAO



The more wine, the more words.

Seek Co-operation in Nuclear Power

In order to generate energy through increased development of nuclear power, China is actively seeking co-operation from foreign countries. He Jiachen, general engineer of the Nuclear Power Department affiliated with China National Nuclear Corp., announced that the corporation was currently negotiating with Framatome and KWU as well as their subsidiary NPI (Nuclear Power International) on the design and manufacturing technology of two 600,000-kw generators for the second leg of the Qinshan Nuclear Power Station, Zhejiang Province.

China has an ambitious programme to promote the development of nuclear power. A 6.5-million-kw nuclear power station will have been completed while other stations with a total capacity of 6 million kw will be in construction by the end of this century.

He also said that, according to the programme, by the end of 1990, a 300,000-kw nuclear power station designed and constructed by China would be completed in Qinshan of Zhejiang Province. A nuclear power station with a 1.8 million kw capacity, jointly financed with Hong Kong in Daya Bay of Guangdong Province is now in construction. It is expected to be completed and put into operation within two or three years.

In respect to nuclear power development, China's policy is to "rely mainly on China's own effort while co-operating with foreign partners." China plans to upgrade its nuclear equipment in combination with the import of design, management knowledge and manufacturing techniques from foreign countries. At the same time, more loan agreements between governments are expect-

ed.

Besides the provinces mentioned above, other provinces and cities on the southeast coast and in the northeast are anxiously asking for nuclear power development in their own localities. Undoubtedly a good opportunity is available for foreign businessmen willing to co-operate with China in an industry with such a promising future.

by Yao Jianguo

US Steel Service In Wuhan

The application of the US Far East International Iron and Steel Service Co. Ltd. to establish an international iron and steel service in the city of Wuhan, Hubei Province, was approved in early July. The service will allow for the disposal of steel residue and the recovery of metals from the Wuhan Iron and Steel Co.

The US company is one of the world's largest companies in the recovery of metals and disposal of steel residue. The Far East Service Co. Ltd. is one of its branches.

According to Zhang Qi, General Manager of the Far East Service Co. Ltd., his company in Wuhan, an enterprise of US ownership, had a total investment of US\$7.5 million. By use of advanced technology, equipment, administrative experience and Wuhan's labour, the company disposes steel residue from the Wuhan Iron and Steel Works. When it is put into operation, the company will handle 1.2 million tons of steel residue, and recover from that amount more than 300,000 tons of scrap steel and 800,000 tons of non-metallic materials. In this way, the company will save US\$6 million worth of

raw materials for the Wuhan Iron and Steel Co. each year. The Wuhan company, one of China's large iron and steel companies, has saved more than 20 million tons of steel residue in over 30 years. In addition, another two steel plants already in operation will be able to add more than 3.5 million tons of new steel residue annually. To date, the scrap steel required the use of a storage area of some 400,000 square metres. The disposal of steel residue solves not only the problem of environmental pollution but allows land, previously used for storage, to be put to other uses.

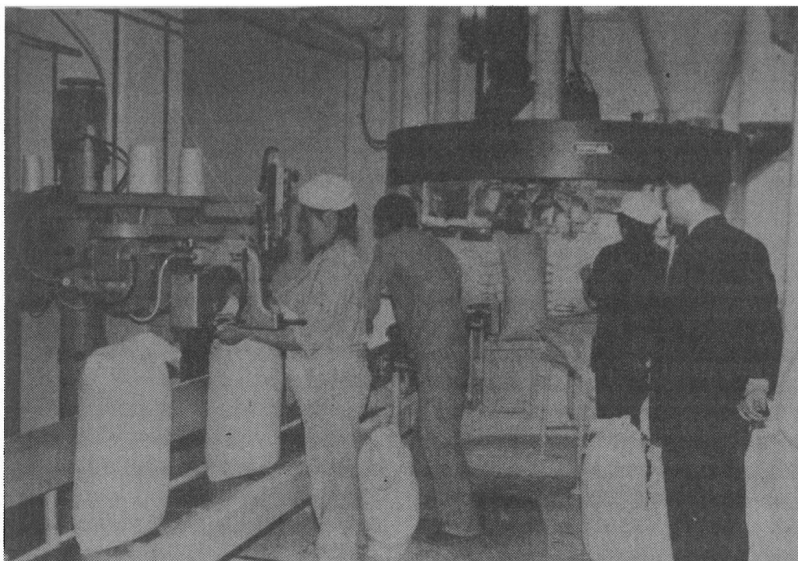
by Li Ming

Foreign Capital Growing in Yantai

Yantai, a port city on China's east coast, signed in the last two months 30 contracts with companies in Japan, the United States, Austria and Hong Kong on joint ventures, cooperative enterprises and compensative trade and processing with supplied materials. Half of these contracts were concluded in June.

Deputy Mayor Liu Guodong in charge of foreign economic relations and trade said that although from mid-April and early June, riots occurred in some Chinese cities, Yantai's situation was always stable and the trend of increasing foreign investment never stopped. For example, in the first half of this year, a total of 62 projects were granted approval to use foreign funds. The value of these contracts totalled US\$64.76 million, an 80 percent increase on the same period of last year.

According to Liu, During the turmoil in Beijing, most foreign businessmen who worked and held trade talks in Yantai completed their work. A few who left during the turmoil have returned



Flour production workshop of Xinyan Foods Co. Ltd., the only joint venture in China's flour industry financed and managed by the city of Yantai, Shandong Province, and Singapore's Buhler Brothers Ltd.

YUE HAITAO

one after another. For instance, two British engineers who came to Yantai on June 1, 1989 to instal equipment worked continuously without interrupting their schedule. In addition, four directors from Singapore and New Zealand arrived in time to attend the starting ceremony held by the Yantai Xinzhongxin Feeds Ltd. on June 4, 1989. Also, Daoid Shu, chairman of the board of Hong Kong Tung Chang Trading Co. Ltd., who had already established three joint ventures and one wholly-owned enterprise in Yantai, increased investment in his joint venture, the Hua Chang Ltd., in June.

Of all the projects using foreign investment in Yantai, the number of joint ventures, co-operative enterprises and wholly foreign-owned enterprises makes up nearly half, reaching 128, of which 93 percent are productive enterprises. They involve 17 countries and regions such as Japan, the United States, France, Canada and the Federal Republic of Germany as well as Hong Kong. At present, some 36 of the mentioned enterprises have begun operations and turned out an output value of 50

million yuan in the first quarter of this year; 14 conducted trail-production smoothly; 53 are constructed on schedule.

This year, 11 joint ventures, co-operative enterprises and wholly foreign-owned enterprises in Yantai supplemented their investments twelve times over, reaching a total value of US\$7.4 million. Meanwhile, 12 foreign businessmen have invested in more than two enterprises.

In the five years since Yantai opened its doors to the outside world, a total of 300 projects have been approved for establishment with a total investment of US\$420 million, US\$230 million being contributed by foreign businessmen.

Liu said the situation in Yantai will continue to be optimum for foreign investment in the remainder of the year. Currently more than 100 projects are on the negotiation table and some of them will soon emerge successful.

by Cai Hongwen and Li Ning

News in Brief

□ On July 11, the Bank of China and France signed an agreement in Paris under which France will provide China a government cre-

dit totalling 830 million Francs.

This credit will be used to build a power station in Guangdong Province, the Shanghai subway and five other key projects. The annual interest rate is 2 percent with 20 years to maturity.

□ By the end of June, China's jointly and singly funded enterprises overseas had reached 526, investment totalling US\$1.9 billion.

In the past two years, China's overseas investment has grown at 30 percent per year. Most of its enterprises abroad have fared quite well. They are spread in 79 countries and regions, especially in Hong Kong and Macao, but also in the United States, Thailand, Australia, Japan, Canada, the Federal Republic of Germany and Singapore.

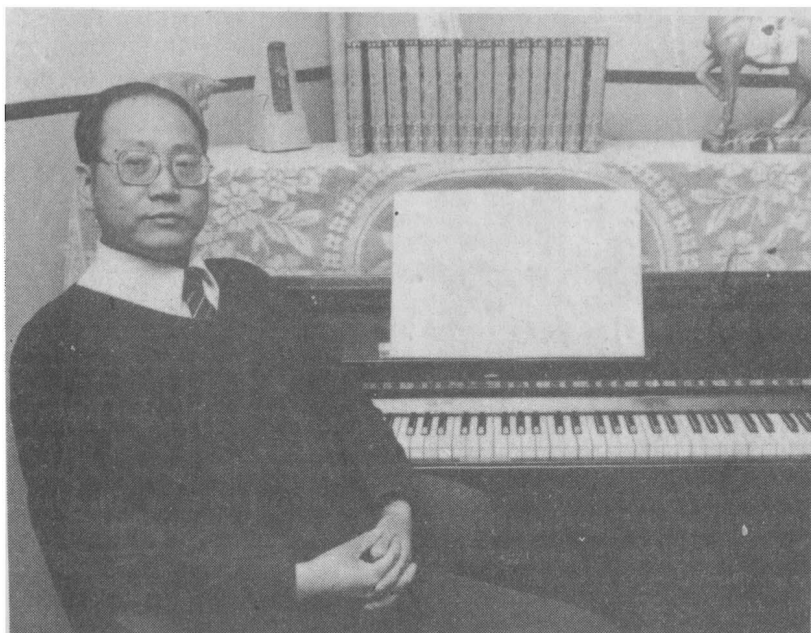
□ During the second half of this year, Anhui Province will hold three foreign economic and trade events—a products exhibition in New York in early September; a foreign economic and trade week in Shenzhen of Guangdong Province in mid-September; and a foreign economic and trade discussion in the city of Huangshan, Anhui Province in November.

In the first half of this year, Anhui Province made use of more than US\$25 million in foreign investment, and its exports totalled more than US\$500 million in value.

□ With the use of 4 billion yen from the Overseas Economic Cooperation Fund of Japan, the construction of China's first double-decker subway station—Xidan Station, Beijing, began in mid-July.

This station is the first important project in the construction of a new subway line in Beijing. As the city's third subway line, this 12km line, beginning at Fuxingmen (in the central part of Beijing), continuing through Chang'an Avenue, and ending at Bawangfen, is planned to be completed in 1992.

by Li Ming



Zhou Qingbao, author of "Musical Culture Along the Silk Road"

Deepening Our Understanding of 'Silk Road' Music

M*usical Culture Along the Silk Road*, China's first special work devoted to the study of Silk Road music, has drawn special attention from the world academic circles since it was published last year by the Xinjiang People's Publishing House. This book won an award for one of the "Best Books in Social Sciences" of 1988, chosen from among books published by 17 publishing houses in 15 north China provinces.

The author, Zhou Qingbao, an associate research fellow at the Xinjiang Art Research Institute, spent 10 years completing this book of more than 350,000 words. By comparative method, Zhou made a comprehensive study on the development of musical culture in the western regions (a Han Dynasty (206 BC-220 AD) term for the area west of Yumenguan, including what is now Xinjiang and parts of Central Asia). He also explored the sources, development and rela-

tionships of the musical culture in many Islamic countries and regions. The book's many new theories pose a strong challenge to other theories and beliefs in this field. Supported by a great number of historical documents and archaeological finds, the book concludes that although the music in that region was greatly influenced by the Buddhist culture, it was in essence a local product. The music in the west-

Dance Drama Reflects Local Life

The Shanxi Song and Dance Troupe put on a dance series, *A Piece of Land by the Huanghe (Yellow) River*, last May in Taiyuan, capital of the province. Both in form and content, it carries local flavour as well as representing modern art and gives some idea of the folk customs of Shanxi. The dance drama has won high acclamation from critics and a warm welcome from audiences.

ern region, represented by the Guizi music, has an important position in "Silk Road" music and exerted a great influence on the culture of central China, Japan, Korea as well as the cultures in Central, Western and Southern Asia during the Sui and Tang dynasties (581-907).

The book also explained why Mukam music, popular in Islamic countries, was a sophisticated cultural phenomenon, a combination of the Islamic and Tujue cultures. The Mukam music of Uygür nationality of China has its own special characteristics, differing from the Raga music in India, Dastgah of Iran and the Dor in Egypt. Mukam music is a result of the mingling of cultures of many countries along the Silk Road, and is not borrowed from any single country.

The book is also characterized by its wide range of study concerning cultures in many countries such as China, Japan, Korea, Pakistan, Afghanistan, Iran, the Soviet Union, Syria, Iraq, Tunisia, Algeria, Libya, Morocco, Turkey, Greece and Hungary.

It was decided to use the book's title, *Musical Culture Along the Silk Road*, as Seminar Focus at the 23rd International Conference on Music Theories to be held in Beijing this September. □

Yue Lijuan, one of the choreographers, said, "We intended to show how people live and their attitude towards life itself in an impoverished land through displaying some of the local folk customs."

The drama is composed of three parts, *Village Life*, *Marriage* and *Offering Sacrifices*.

Village Life comprises several episodes of daily life. For instance, the episode of *Women*

shows how local women spend a day from dawn to sunset—feeding chickens, turning a millstone, working in the fields, stitching clothes, preparing meals and gossiping.

"This day is actually a contraction of a Chinese woman's whole life," said Wang Xiufang, another choreographer. "They are hard-working but lead a hard life, poor but contented. That is where they are great but therein also lies a tragedy."

Taking to Wife, an episode in *Marriage*, is adapted from a folk tale *A Mouse Getting Married*. In this part, a young woman is dreaming about her wedding with a lovely mouse. *Go-Between*, is about three women acting as matchmakers for three girls who are totally different in character. In *Bridal Chamber*, a young lady and a young man, though they have never seen each other, let alone understand each other, get married based on a decision by their parents to place their future in the care of a matchmaker. According to the local custom, the bride has to wear all the clothes of every season on her wedding. On their first night when the bridegroom is taking off his bride's clothes one by one, both appear excited and happy. *Eavesdropping* neighbours reveals the scene listening under the window of the

newly-weds.

Offering Sacrifices gives the audience some idea of how people offer sacrifices to the dead and gods at yearend and pray for wealth in the coming year. The scene of *Praying for Rain* is rather dramatic. It is a drought year. The peasants kneel on the ground pleading for Heaven's blessing and rain for their crops. But they are disappointed. They then enquire of Heaven. Heaven ignores them, making no response, however. This episode reveals the hard life of the peasants who rely completely on nature and their mental confusions.

The style of the series is characterized by imitation, exaggeration and adaption of a typical Shanxi dance. For example, *Back to the Bride's Parents' Home* vividly imitates the movements of one riding on a donkey. In *Bridal Chamber*, the *pas de deux* for the bride and the bridegroom is actually a combination of ballet and local dancing.

The accompaniment also has local flavour. According to the composer, Zhang Wenxiu, "Almost all dance music has its model folk melody." Electric musical instruments are used to reinforce the sense of the times.

The staging is also based on aspects of local life. For example, papercuts of tigers and lions used

in the settings are characteristic of the Shanxi area.

It is commonly thought that *A Piece of Land by the Huanghe River* is of value both for art and for entertainment.

Verbeelen Siegfried, chairman of the committee of the Festival de Folklore Schoten-Belgium, said in not very fluent Chinese while watching the show, "*Henhao* (very good), *juele* (matchless)."

Critics think that this series has given a simple and beautiful picture of Huanghe folklore. It not only reflects the customs but also the cultural psyche there.

A year ago, the Shanxi Song and Dance Troupe staged a song and dance drama entitled *The Love of Huanghe's Children*, which has gained favourable comments both at home and abroad. The American magazine *Dance* carried an article and some photos in praise of the drama. Now, the two dramas are regarded as pendants to each other.

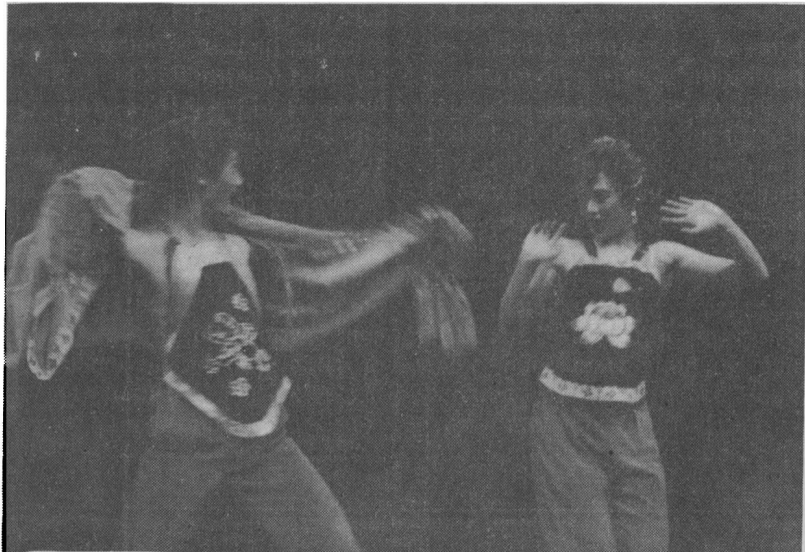
"Shanxi, this piece of land located by the Huanghe River, birthplace of China's ancient civilization, has a rich and unique culture," said another choreographer. "We hope it can entertain the audience through its unique flavour as well as lead them to some contemplation of the land, life, culture and psychological structure of the nation."

Nu Keyi, art advisor to the drama and deputy director of the culture department of Shanxi Province, said, "For many years, the troupe has been trying to make our folk songs and dances into modern entertainment. And this drama is a successful experiment."

But the troupe, which was set up in 1954 and now has a staff of 320, is not content with what it has achieved. They think the drama needs improvement.

It is expected that the dance series will be presented at China's Art Festival in September and later in Japan.

by Feng Jing



Guild Hall's Legacy!

Carvings within carvings, balls within balls and boats within boats. Art lovers often look with awe upon the wonders of "hollow carving" or "perspective carving."

This form of Chinese art flourished in the Shanxi-Shaanxi Guild Hall that was built in the ancient township of Sheqi during the 20th year of Emperor Qian Long's reign of the Qing Dynasty in 1755.

Travellers can once again appreciate the ancient skill when they visit the now restored Guild Hall on what is now Chengguan Township, the formerly named Sheqi Township about 200 kilometres southwest of Zhengzhou, Henan in central China.

On entering the 7,750-square-metre Guild Hall that took over 70 years to complete you are at once drawn to the wood and stone carvings that portray China's greatest historical and folk tales. Most of these pieces are carved in the extremely difficult "inside-from-the-outside-style" described above. As the guide explains the details, you feel as though you are becoming part of each historic moment.

You then come upon the giant central courtyard that has been completely paved with square foot marble tiles. The yard, that can hold the ancient city's entire 100,000 population, is a monument to old Sheqi Township's prosperity that once functioned as a vital communications link between the nine provinces to the north and south. The city boasted 72 streets. Besides being known as a "land and water wharf" it was promoted by the jingle as "Sheqi shops are the most in the world."

When you follow the green stone path out of the square you next enter the Central Grand Worship Hall. Surrounding you are carved beams and painted ridgepoles. In front of you is one of those "outside-inside" carvings of the "Warm Pavilion," alongside a memorial tablet of Guan Yu, a

Chinese historical figure loved for being a loyal warrior of the Shu State during China's Three Kingdoms Period (220-280).

In the middle of the hall are also exquisitely carved carvings that illustrate the epic "Journey to the West," "List of Gods" and other folk tales of China.

You look around and find yourself surrounded by lions, tigers, monkeys and horses. These animals are finely carved into the green stone balustrades that have made the wood and stone they are carved upon treasures of the past.

The Guild Hall complex is built mainly of wooden structures that have their beams, columns and foundations carved from stone.

Exquisite and beautiful, they form a unique style different to the imperial palaces and gardens of the Chinese emperors. This location is the best preserved of the last two remaining architectural structures of its kind. The only other example of such design is in Shanxi Province.

But, there are many other features of this place to explore. There are the east and west side halls, the east and west long corridors, the "Fancy Watching Pavilion," the Bell and Drum Towers, and the Glazed Mirror Wall.

Then, for lovers of ancient fashion there is a collection of dozens of folk embroideries of the late Qing Dynasty that illustrate the impact the preceding Song embroidery had upon Qing fabric designers.

by Zhang Ziping

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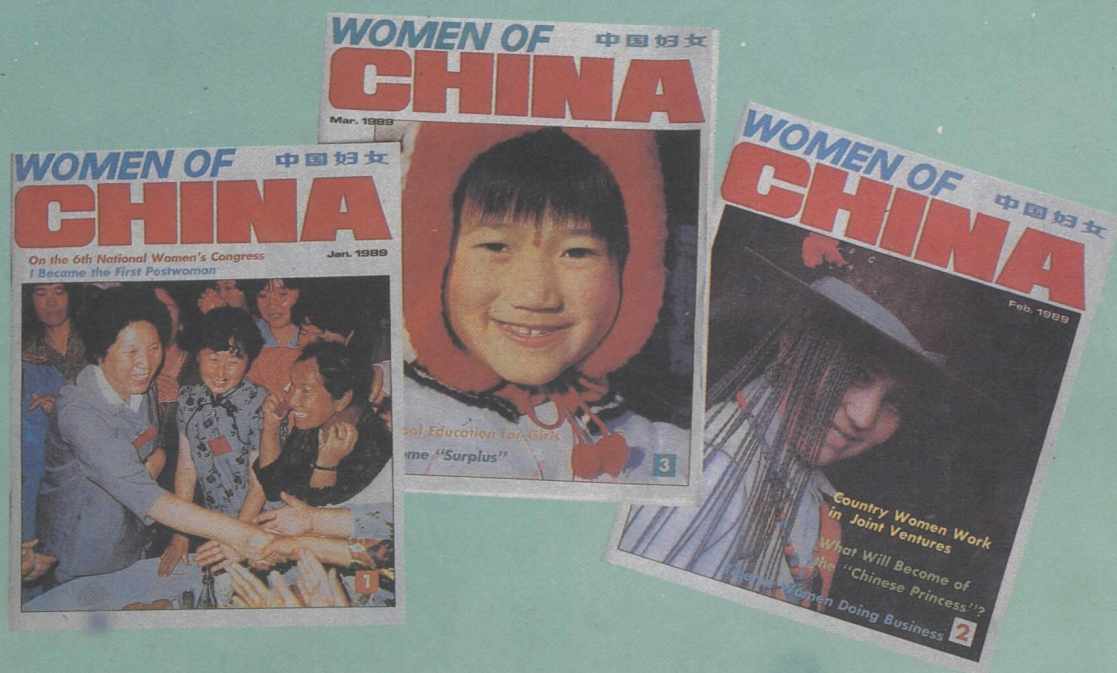
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Rural basket weaver off to sell his wares on the market.

Photo by Wang Wenlan

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