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US Company Leases Tianjin Land

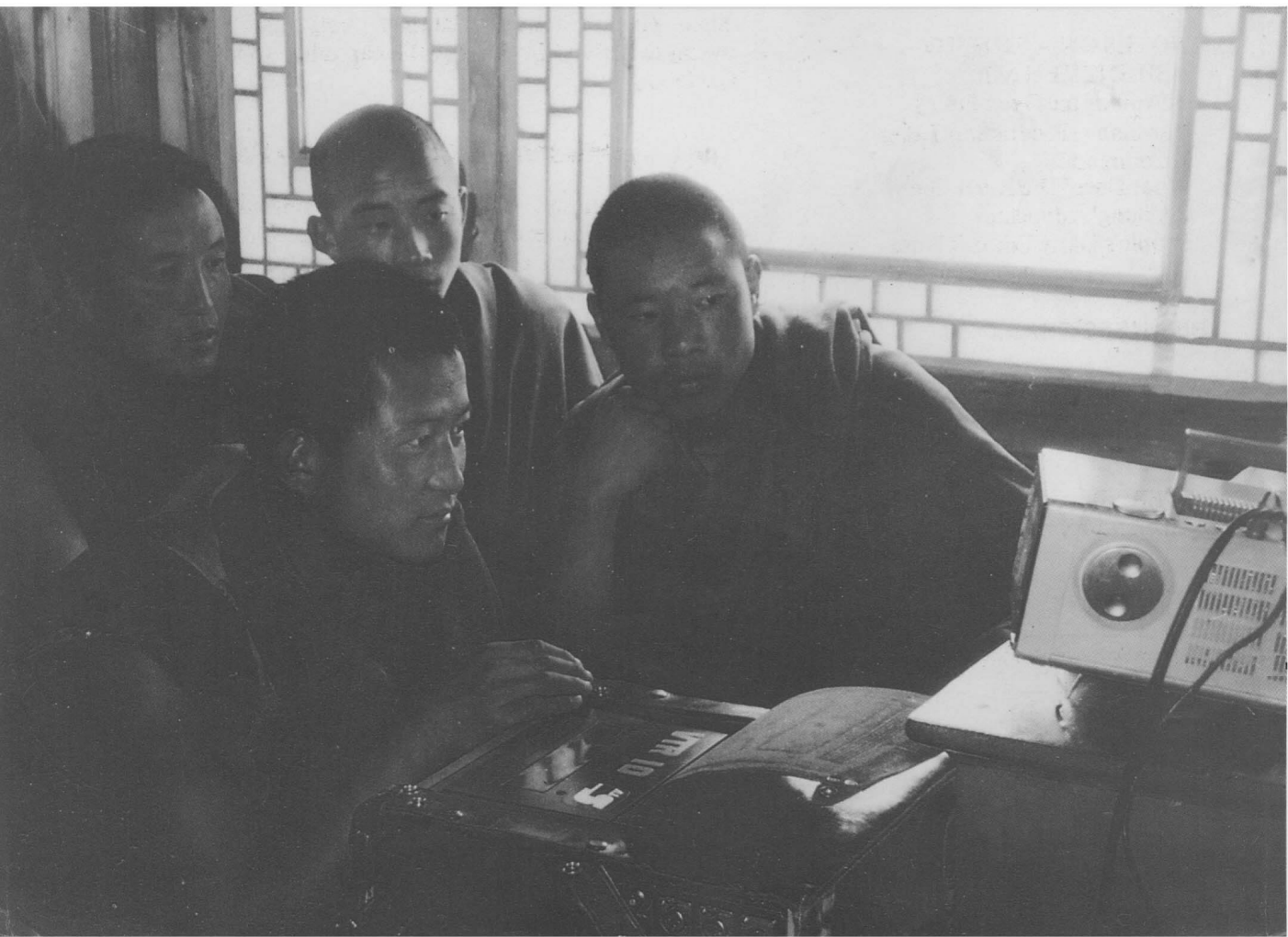


**THE OPEN POLICY BRINGS
RICH RETURNS TO SHENZHEN**



Lamas who are reporters.

Photos by Li Shengcai



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COVER: Skyscrapers spring up in the
Shenzhen urban area.

by Chen Zonglie

Americans Lease Tianjin Land

□A contract is signed in Tianjin to lease a 5.3-kilometre land site to an American company for 70 years. Li Ruihuan, a senior Chinese Communist Party leader, says that only by continuing reform and opening to the outside world can China become prosperous and strong (p. 4).

Open Policy Brings Rich Returns

□Beginning in this issue, *Beijing Review* will publish a series of reports on Shenzhen. In this first article, our staff reporter outlines changes the open policy has brought since the area became a special economic zone in the early 1980s (p. 11).

What Does 'The River Dies Young' Advocate?

□After the TV series *The River Dies Young* was shown on TV in the second half of last year, it was acclaimed but many people expressed critical views. A signed article noted that owing to an inadequate background in theory, insufficient knowledge and the absence of a serious attitude, many basic propositions and judgements in the series were incorrect and even harmful. Former Chinese Party General Secretary Zhao Ziyang, however, banned publication of this article owing to his admiration for the capitalist-oriented TV series (p. 18).

The US and Bonn—A Chronic Policy Rift

□NATO's summit last May made compromise on chronic disputes over defence issues between the United States and its West German ally. The dispute reflects their different national interests and differing views towards Moscow. While the United States still holds serious doubts over Soviet intention, West Germany has waived as it warms up towards the soviet wooing (p. 8).

A New Hope for Kampuchea

□The recent Paris international conference on Kampuchea adopted the concept of a comprehensive rather than a partial settlement of the Kampuchean issue, thus opening a good beginning for a final solution (p. 7).

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

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Americans Lease Tianjin Land

Tianjin signed a contract on August 8 leasing an area of 5.3 square kilometres to the MGM Development Company, a US-based corporation.

The leased land, which is 95 miles away from Beijing, is expected to accommodate more than 200 joint ventures and foreign firms, and to absorb an estimated investment of US\$2 billion for industrial projects. MGM will pay US\$3.25 for every square metre of the land. It is the largest foreign investment in Tianjin and the largest foreign contract for China since the May-June turmoil.

The contract that was signed after two years of negotiations involves land belonging to the Tianjin Economic and Technological Development Area (TEDA). Foreign investors in the MGM property scheme will receive the same preferential treatment TEDA gives to other foreigners. All projects on structure erected on the land will have to be approved by the Chinese government or by the Tianjin municipal authorities.

In co-operation with other investors, MGM will register in China while all the foreign companies will be held responsible for the construction on the land for the first five years.

When the whole project on the land site is completed, an annual 10-billion-yuan profit is expected. Also, under the contract, the entire infrastructure along with all land rights will be handed over to China when the contract expires 70 years later.

Foreign industrialists share a high regard for MGM and say it will help make China a desirable place for international investment.

Most enterprises at the Tianjin

site are expected to be exporters.

The door-shaped 52-storey twin tower, to be built on the site at a cost of US\$300 million during its second phase of construction, symbolizes China's open-door policy.

Li Ruihuan, member of the Chinese Communist Party Political Bureau Standing Committee and mayor of Tianjin, met on August 10 with M.G. Malek-pour, president of MGM.

Li said the lease represents the biggest contract China has concluded with a foreign country since the quelling of the anti-government riot in Beijing in early June.

He said the project testifies to the continuity of China's policy of reform and its opening to the outside world.

Li said that many foreigners are worried about whether China can continue its policy of reform and openness. If they come and see the actual situation for themselves, their doubts will be dispelled, he said.

Both China's modernization drive and the Chinese people's interests call for reform and opening to the outside world, Li said.

The past 10 years of reform

and opening have proved the policy's great significance in promoting modernization and improving people's lives.

If China encountered problems in the past, it was because the policy of reform and opening was not carried out well enough, Li said. And solutions to possible difficulties in the future can be found only by continuing to reform and open.

Because of a lack of information about the outside world resulting from long-term isolation, and because of economic and other limits, China has not adapted well enough to the situation in terms of ideology, work-style, policy and measures, he said.

Therefore, he said, "we must sum up our experiences and solicit opinions from various quarters, and continue to improve the investment climate, so as to make great strides in reform and opening."

Li called adherence to the Four Cardinal Principles the prerequisite for building the country. He said it is a historical necessity to carry out reform and opening to make China strong while abiding by the Four Cardinal Principles. □

New Measures Battle Nepotism

Beijing along with nine provinces have been adopting guidelines that discourage nepotism and corruption, *Renmin Ribao* (People's Daily) reported on August 10.

The main thrust of the guidelines that have been brought into effect over the past few years is the prohibition of any spouse, child or relative of a Party and government leader from assuming a leadership role or being em-

ployed by departments directly under his or her charge.

The new rules are particularly targeted at local Party committees, governments, areas of discipline or public security, the courts or procuratorate organizations.

The guideline will help prevent leaders with personal ties from participating in, examining, approving or interfering in personnel appointments, dismiss-

sals, promotions, altering punishment, or influencing the management of archives.

According to the report, leaders should notify their superiors when family members and relatives are employed, dismissed, promoted or punished.

"Top posts of municipal or county Party committees, governments, discipline commissions, and organizational, personnel and judicial departments should be only be filled by officials from other counties or cities," the paper said.

"If the posts are currently held by local officials," said the Party paper, "they should not continue to hold their posts after the expiration of their period of tenure."

The nine provinces which have imposed the regulations to fight nepotism are Shaanxi, Hebei, Heilongjiang, Hainan, Shanxi, Sichuan, Guizhou, Henan and Jiangxi.

A survey conducted in 231 counties in Sichuan, Jiangsu and Hebei showed that more than half of the high-ranking officials were long-term residents or natives of the area.

And nearly half of the 114 county-level leaders in Shaanxi had relatives working in the same organization, the same survey revealed.

Family ties in government departments have been blamed for kicking the teeth out of most discipline and regulation and even in causing nepotism and favouritism.

New regulations will spell the end to the traditional practice in some areas of parents retiring in order to vacate places for their children to fill in the same unit, said *Renmin Ribao*.

Although the new rules are not necessarily a panacea for all corruption, *Outlook Weekly* said, they could at least have some curative effect. □

Li Urges an Orderly Economy

Chinese Premier Li Peng said that it is necessary to improve the economic environment and rectify the economic order.

After listening to a report about a recent conference of the directors of the branches of the People's Bank of China, Li said on August 9 that this policy should not be set against the policy of reform and opening to the outside world.

He pointed out that the purpose of the rectification of the economic order is to create better conditions for reform and China's opening to the outside world and even in the process of such rectification, reform will be deepened.

The premier set three goals for the improvement of the economic environment this year: stabilizing prices, striving for a good harvest, and easing supply and demand contradictions in the markets.

Li noted that China has made fairly significant achievements in controlling prices in the first seven months of this year although prices strongly increased over the same period last year. Prices of daily commodities increased by only a small percentage and even dropped in some places, he said.

He stated that in the future, attention will be paid to the stabilization of prices of basic goods depended upon by those with below-average incomes.

Li pointed out that attempts to cut back the size of capital construction have not been successful. He said, capital construction, especially in July, is tending to expand again in some places. The funds for consumption are also increasing at a rate that is outpacing national economic growth.

The premier said the banks have played an important role in improving the economic environment and rectifying the economic order this year and they should continue to tighten the money supply.

The problem of some enterprises defaulting on bank loans is serious, Li said. When solving the problem, the premier said, the banks should focus on readjusting the structure of future loans, and also provide enough funds to meet the needs of key large and medium-sized enterprises.

Li said that the banks should also make efforts to set apart a sum for purchases of grain from the peasants this autumn.

Li pointed out that it is necessary to sort out and rectify the nation's financial companies. He said that the economic life in the country does not require so many financial companies. However, he stressed, it is necessary to be very cautious in such endeavours. □

Early Start for Beijing Students

Most Beijing universities and colleges that were shut down by the April-May turmoil have started classes for the fall term early so as to give make-up classes and strengthen ideological education.

Students at the Beijing Natural Sciences and Engineering Institute, for example, are sitting in classrooms much earlier than usual. During the three days prior to the beginning of their classes, Communist Party members and other mainstays among the students were brought together to study the documents adopted at the Fourth Plenary Session of the 13th Central Committee of the Communist Party of China.

During these discussions, stu-

dents were led to understand and analyze talks made by Deng Xiaoping on the connections between the past events and the macro-international and micro-domestic situations. These students also came to further understand that the anti-government rebellion was the inevitable outcome of the turmoil induced and escalated by student unrest and its harmful results.

In self-study the students conscientiously and profoundly meditated—in retrospect—over their deeds and words during the days of turbulence.

In the early days of the new term, the institute announced regulations on the resumption and rectification of campus discipline that specifically ordered everyone to strictly observe the notices and decisions issued by the Beijing People's Municipal Government and the headquarters of the martial law enforcement troops in Beijing so as to help improve the capital's stability and unity.

The regulations also prohibited public speeches or any other activities that negated the four cardinal principles or went against any policy or line adopted by the Party.

All public lectures and speeches, club and political *salon* activity without official approval have been banned. It has been strictly prohibited to post "big character posters" or any other form of published material or bulletin for reactionary propaganda purposes.

The institute reiterated all the codes governing the management of teaching and studying and the management of student enrollment affairs. It also announced that students will not be allowed to operate illegal businesses, gamble, drink, or play mah-jong.

The institute has also adjusted the teaching programme and rearranged the courses for the students. The authorities have

made a decision to strengthen such applied courses as auto repairing, electrical equipment installation and maintenance and metal working so as to follow the guideline to make students both "red and expert."

Meanwhile, the Beijing Medical College and the Beijing Aerounautics and Astronautics Institute have specially assigned three teachers to each class to help students achieve better results in their current political education.

Plans and measures have been made for the coming political and ideological education of students in Beijing University, Qinghua University, Beijing Normal University, the Chinese People's University and the Chinese University of Political Science and Law that are to start their new terms over the next few days.

Before the students returned most colleges renovated their dormitories, classrooms and dining halls so as to provide them with better study and living conditions. □

News in Brief

Party Expels Yan, Bao & Wan

The Chinese Academy of Social Sciences and its Party Disciplinary Inspection Committee expelled Yan Jiaqi and Bao Zunxin from the Party and from public employment on August 9.

Yan and Bao were research fellows of the academy's Institute of Politics and the Institute of History.

According to an announcement by the academy, they were expelled for stubbornly clinging to bourgeois liberalism over a long period of time. They supported and helped organize the recent counter-revolutionary rebellion in Beijing and headed the

illegal "Federation of Beijing Intellectual Groups."

On August 10 the Beijing Stone (group) Corporation and the Board of Directors of Stone New Technology Trade Company Ltd. expelled Wan Runnan from all posts in the company. Meanwhile Beijing's Haidian District People's Government has decided to dismiss him from his public employment and the district's Party committee expelled him from the Party.

According to the company, Wan, chairman of the Board of Directors and president of the Stone Corporation, was dismissed from his post because he plotted, agitated for and directly participated in the rebellion.

Yan and Wan have fled overseas to continue their anti-government activities. □

Mao Portrait Attackers Sentenced

Sentences have been handed down to three Hunanese involved in hurling paint and eggs at the portrait of the late Chairman Mao Zedong at the Tiananmen rostrum in late May.

The Beijing Municipal Intermediate People's Court on August 11 sentenced Yu Zhijian, 25, a primary school teacher, to life imprisonment; Yu Dongyue, 22, a fine art sub-editor of a county newspaper, to 20 years of imprisonment; and Lu Decheng, 26, a worker, to 16 years of imprisonment.

They were charged with the crime of counter-revolutionary sabotage, propaganda and instigation. The verdict said that in the afternoon of May 23, they posted reactionary slogans they had written in the tunnel of the Tiananmen rostrum. Then they threw mixed paints held in egg shells and ink bottles at the portrait of Mao, staining the portrait and the rostrum wall. □

Kampuchean Settlement Sees Good Beginning

by Ren Xin

The three-day Paris international conference on Kampuchea, in which 19 countries and Secretary General of the United Nations Javier Perez de Cuellar participated, ended its first-stage discussions with some positive results.

The conference, whose task it was to end the Kampuchean war and bring national reconciliation to the nation, reached some working agreements. Under these, the United Nations will send an investigation team to Kampuchea, and three working committees are to be set up to work on four issues: international monitoring of Viet Nam's genuine, complete troop pullout; an international guarantee for Kampuchea's sovereignty, territorial integrity and neutrality; the voluntary return of refugees; and the reconstruction of the country. In addition, a special commission will be established to deal with Kampuchean national reconciliation, mainly the formation of an interim government to be composed of four sides and headed by Prince Norodom Sihanouk.

At the conference, Viet Nam and the Phnom Penh regime tried to insist on a partial rather than a total settlement to the Kampuchean issue. They did not admit that the source of the conflict was Hanoi's invasion but rather laid the blame on the "atrocities" of the Khmer Rouge. They suggested that the conference discuss only the "international aspects" of the question and that the "domestic aspect" was Kampuchea's internal affairs and outsiders should not interfere. On the composition of the future government, they favoured the repudiation and eli-



Working together: Chinese Foreign Minister Qian Qichen (second from right) and Vice-Foreign Minister Liu Shuqing (third from right) at the Paris conference.

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mination of the Khmer Rouge. Finally, they rejected UN supervision.

The Association of Southeast Asian Nations and some other countries, on the contrary, demanded a comprehensive, just and reasonable settlement — that a quadripartite coalition government be formed under the leadership of Prince Norodom Sihanouk so as to prevent a civil war after the Vietnamese pullout. Even Soviet Foreign Minister Eduard Shevardnadze made it clear that Kampuchea should not become a second Afghanistan.

Considering these circumstances, the results of the conference are surprising and even remarkable and have already been hailed by the international community as a good beginning to the ending of the prolonged regional conflict.

In his speech at the conference, Chinese Foreign Minister Qian Qichen said, "A genuine and complete Vietnamese troop

withdrawal and the formation of a provisional quadripartite coalition government headed by Sihanouk are the two basic factors making for a political settlement of the Kampuchean question."

The Chinese foreign minister added, "Without a genuine and complete Vietnamese troop withdrawal, there can be no peace to speak of in Kampuchea. Similarly, without removing the consequences of Vietnamese aggression after the withdrawal, Kampuchea cannot possibly enjoy any tranquility."

Speaking of Hanoi's withdrawal, Qian stressed, "Viet Nam should withdraw all its armed forces in Kampuchea, including its military advisers, disguised military personnel in the Heng Samrin forces, armed militia among the Vietnamese immigrants and also all its weapons, ammunition and other military materiel. None of these should be left behind in Kampuchea in any form, nor should they return to Kampuchea under any pretext

or in any fashion.”

He continued that China favoured the establishment of a truly effective international control mechanism and the presence of an international peace-keeping force in Kampuchea designed to exercise supervision over Vietnamese troop withdrawal, the maintenance of peace in Kampuchea and the conduct of free elections in the future.

Turning to the issue of the composition of the coalition government, Qian said, “The reality in Kampuchea today is the si-

multaneous presence of four political parties, each possessing its own armed forces.”

He warned that attempts to bring about a monopoly of power by any single party or to reject any one party would not succeed and might very well lead to a dangerous situation.

“Following a comprehensive agreement and a genuine and complete Vietnamese troop withdrawal under international supervision, China will cease military assistance to the Kampuchean parties,” the Chinese for-

eign minister declared.

“After the formation of the provisional quadripartite coalition government headed by Prince Sihanouk, China will have dealings only with that government and will respect the results of the future general elections it presides over. China is ready to work with other countries in providing an international guarantee for the independent, sovereign, neutral and non-aligned status of Kampuchea,” Qian said in conclusion. □

US Differs With West Germany on Major Defence Issues

by Wan Shuyu

At the summit meeting of the North Atlantic Treaty Organization (NATO) in May, the United States reached a compromise with West Germany and other NATO countries on the short-range missile issue which had been in dispute for quite a long time.

Washington had been insisting that the missiles deployed in West Germany be modernized immediately, while West Germany favoured the earliest possible talks with the Soviets. In the end, the United States gave ground by agreeing to postpone modernization till 1992, while West Germany and its supporters agreed that negotiations must proceed conditionally, that is, after the conventional forces of the Warsaw Pact and NATO have reached a balance.

Bonn's dispute with Washington can be explained by the Kohl cabinet's efforts to win popular support for the national elections to be held in 1990. But it also reflects some major policy differences between the West Germans and Americans in recent years,

and between nuclear countries and non-nuclear countries within NATO.

Situation in Europe

These differences are manifested first in the overall assessment of the European situation. The United States maintains that although Soviet policy changes in recent years have eased the situation in Europe, there still exists a huge military threat and NATO's guard should never be relaxed. On the contrary, defence must be strengthened.

The United States bases its arguments on the following views. First, the Warsaw Pact maintains a vast superiority in conventional forces and short-range nuclear weapons. Gorbachev's disarmament proposals and measures, in reality, have done very little to reduce this superiority. Second, Washington is afraid that Gorbachev's reforms will eventually fail, and his replacement might be far more hostile towards the West. Third, Washington suspects that Gorbachev's overtures

to ease the European situation are tactical and an attempt to gain Western technology and aid and win time so as to boost the sagging Soviet economy and that once these aims are achieved, his attitude will change. Fourth, Washington believes that the past expansionist policy pursued by Leonid Brezhnev was determined by the Soviet system rather than any individual leader and so far Gorbachev has posed a challenge only to some aspects of the system and has not been able to change it effectively.

The first point of view is quite popular in the US leadership. The rest are mainly preached by two defence advisors to the Bush administration—National Security Assistant Brent Scowcroft and former Deputy Director of the Central Intelligence Agency Robert Gates—and Defence Secretary Richard Cheney.

On the other hand, West Germany and some other West European countries believe that Gorbachev's reform and policy adjustments are a turning point in the European situation and

the Soviet military threat no longer exists. That Europe has bid farewell to the post-war order and embarked on the road of peace and co-operation. West German Chancellor Helmut Kohl said recently, "We are now faced with an historic opportunity ... West German-Soviet relations have turned the corner." West German Foreign Minister Hans-Dietrich Genscher said that Soviet reform had opened a new page in bilateral relations and that the cold war was over.

Policies Towards Moscow

The second major difference between Washington and Bonn is over policy towards the Soviet Union. After three or four months of assessment, the Bush administration has decided on the basic framework of its Soviet policy, which appears generally tougher than that of the later years of the Reagan administration. Washington's Soviet policy can be summed up as strength plus detente and uniting Western Europe against the Soviet Union, while Bonn's can be summed up as defence plus detente and uniting with the United States to pacify the Soviet Union.

The two countries obviously differ from each other on several points.

(1) The focal point of West Germany's policy is to be on good terms with Moscow while that of the United States' is to urge caution.

West Germany's policy means trust and friendship towards Moscow. When the intermediate nuclear force agreement was signed, Bonn, being in great doubt and cautious, followed a policy of uniting with Washington against the Soviet Union. As time went on, Bonn's views changed and now it wants to unite with the US and seek a good relationship with Moscow.

At present, although it is im-

possible for Bonn to abandon all cautions, it is true that trust in Moscow has become the basis of the relations between the two countries.

In the words of Reuters, Bonn, under the influence of foreign minister, declared that it must believe in what Gorbachev has said.

The two countries' joint communique signed on June 13 this year expressed their desire to strengthen their partnership.

America's idea of proceeding with caution shows its doubt and wariness of Moscow while at the same time holding dialogues with it.

During his Soviet visit in May this year, American Secretary of State James Baker openly attacked Moscow for its actions being contrary to its words.

Bush warned people never to forget that the Soviet Union has formidable military power. Defence Secretary Cheney put it more bluntly: Moscow's policy had changed but the danger still remained. Therefore, when talking about America's strategy, Bush stressed the importance of strength in the economy, diplomacy and in military affairs.

(2) West Germany advocates both defence and detente, emphasizing the latter. Its defence policy pursues a stable and guaranteed equilibrium of military forces at the lowest possible level.

The US prefers detente based on strength and the superiority of all-round national strength vis-a-vis the Soviet Union. Therefore, it will increase its strength further while maintaining detente between the West and East.

West Germany stands for grasping the "historic opportunity" by vigorously promoting the trend towards detente and quickening the pace of arms control talks.

But the US favours slowing

down the detente process and delaying arms talks except for those on conventional weapons. It has deliberately played down the significance of Gorbachev's disarmament proposals by stating that they were "positive" but just meant to influence public opinion in the West, and that they were "a little step," or that Moscow basically had accepted the view of the West.

(3) West Germany vigorously supports reforms in the Soviet Union. Up to June this year, the two countries had signed 11 agreements on politics, culture and trade and established 71 joint ventures, nearly 42 percent of the total number of joint ventures between Western countries and the Soviet Union.

In May 1988, West Germany offered a loan of 3.5 billion marks (US\$2.1 billion) to the Soviet Union, equal to one fifth of West European loans to Moscow that year.

The two countries have held talks on some large Soviet projects that require 20 billion marks. In addition, West Germany has asked the Coordinating Committee for Export Controls (COCOM) to relax restrictions on technological transfers to the Soviet Union.

The US supports Soviet reform on certain conditions and takes a wait-and-see attitude. The so-called "conditions" refer to what will give impetus to multi-party politics, democracy and human rights.

In trade and cultural exchanges, Washington has strictly controlled loans, the supply of strategic material and hi-tech transfers to the Soviet Union. In addition, it has limited West European loans and technological transfers to Moscow through COCOM.

From 1985 to 1988, Washington and Moscow signed 43 bilateral agreements, but volume of trade was at a low level. In 1987,

it was only US\$2 billion, much lower than that between West Germany and the Soviet Union (15 billion marks).

(4) As to East-West relations, West Germany advocates peace in and unification of Europe including the Soviet Union. But the US stresses the solidarity of NATO and the importance of the Western alliance even more enthusiastically than before.

West Germany is still a staunch member of the Western alliance. Although it will not separate itself from NATO or change its relationship of an ally with the US in the short term, it is increasingly inclining toward the idea of Europeanism.

This is embodied in two aspects: One is to establish a new order of peace in Europe to eliminate hostility between the two blocs; the other is to support Gorbachev's "European Home" concept to restore the integration of Europe.

Although the US has suggested that "the Soviet Union should be brought back into the international community," it has laid emphasis on the Atlantic idea to set off the one-Europe onslaught from the Soviet Union.

On NATO's Defence Policy

The US has proposed the upgrading of nuclear weapons and has stuck to the flexible response strategy based on the nuclear de-

terrent, which includes the modernization of short-range missiles (SNF) while reducing their number. The current Lance system with a range of 110 kilometres is to be replaced by a one more powerful system with a range of 500 kilometres. Washington wants the Warsaw Pact's advantage in conventional weapons and the SNF diminished and says negotiations on the reduction of the SNF should be held only after the elimination of Soviet superiority in conventional weapons.

It opposes the third zero option for the SNF and denuclearization in Europe.

West Germany has said that it will carry out the current strategy of NATO. But in fact it prefers weakening the nuclear armory rather than enhancing it. It advocates defensive defence (some Western experts call it the minimal nuclear deterrent).

Concretely, West Germany is not in favour of the US proposal for modernizing the SNF. Instead it favours holding immediate negotiations to reduce the SNF in the course of conventional weapon talks. It considers that at present conditions are not ripe for European denuclearization, but it by no means opposes the idea and the third zero option for the SNF.

The above differences between West Germany and the US have resulted from the following:

The new political thinking carried to Western Europe by Gorbachev has changed the views of West Germany on the Soviet Union and East-West relations.

On June 12, a *Pravda* special correspondent pointed out in his report on Gorbachev's West Germany visit that Bonn's social consciousness had changed under the influence of the reform in the Soviet Union.

A public opinion poll has shown that the image of the Soviet Union as an enemy is, with the passage of years, progressively fading from the minds of the majority of people in Federal Germany.

The new situation of detente between the East and West has made West Germany readjust its policy in the light of its national interests. It talks of the elimination of the threat of war, the assurance of peace and security, and the realization of the reunification of the two Germans.

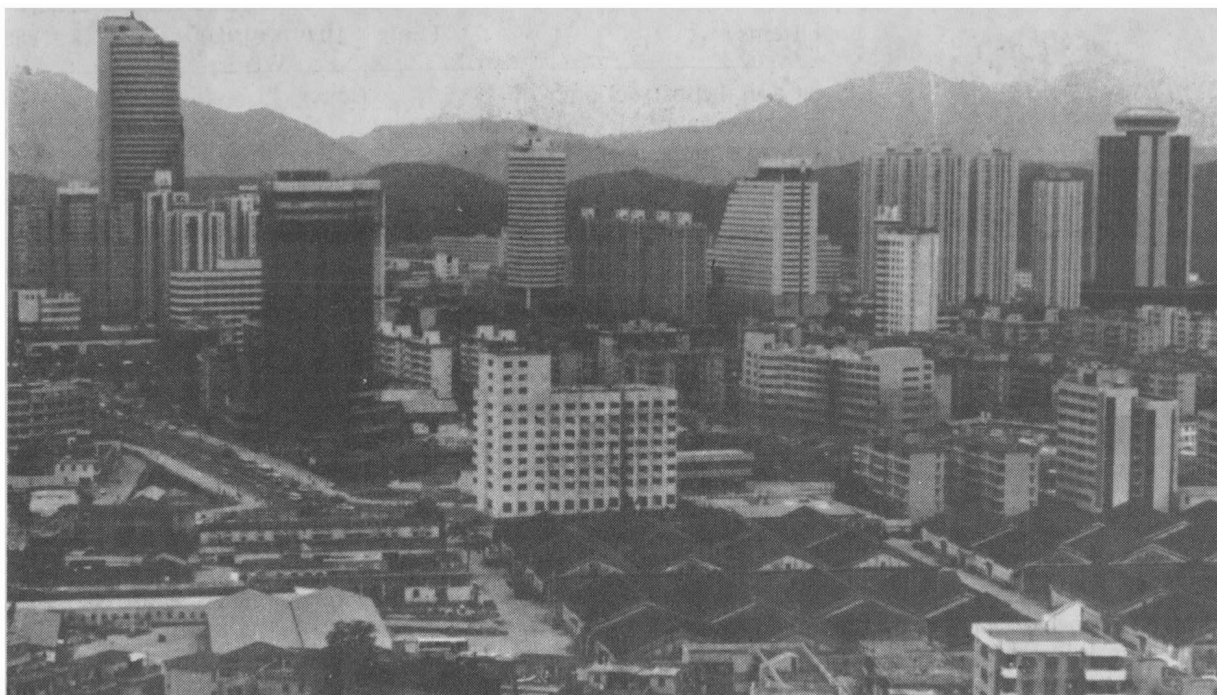
West Germany believes that Europe is witnessing a golden opportunity that also accords with its national interest. Therefore, it wants to make a quick response by readjusting its old policy.

With the growth of its economic strength and its sense of security getting stronger, West Germany is eager to improve its political position, enjoy greater independence and be more self-reliant. □

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China's Foreign Relations: A Chronicle (December 1988-May 1989)



A glimpse of Shenzhen's urban district.

Notes on a Trip to Shenzhen (1)

Fruit of the Open Policy

Last May, "Beijing Review" sent two reporters to Shenzhen, Guangdong Province, the first special economic zone established in China. To understand the zone's current situation, they interviewed various people, including the mayor, enterprise managers and foreign investors. With this issue, we begin a series about the recent developments of Shenzhen.—Ed.

by Our Staff Reporter Jing Wei

Shenzhen, a testing ground for China's policy of reform and opening to the outside world, has had dramatic changes since it became a special economic zone in the early 1980s. Ten years ago, it was unknown; today, however, it is the focus of world attention as a stream of businessmen, investors, politicians and researchers pour continuously into the once sleepy area.

According to one government official, by the end of 1988, there were 1,900 foreign-funded enterprises in Shenzhen. Among them, there were 1,333 joint ventures, 715 co-operative enterpris-

es and 152 exclusively foreign-funded enterprises. Over the past ten years, 6,179 agreements (contracts), with a contract value of over US\$5 billion in foreign investment (US\$2.276 billion actually used), have been reached between Shenzhen and foreign businessmen.

The establishment of this special economic zone has drawn the attention of the international community interested in socialist China's development. It has attracted important government parliament and party officials from more than 100 countries and regions and, by the end of 1988, over 2,000 groups, close to

20,000 people, visited Shenzhen to get a close-up view of this booming city. Among them, there were 112 delegations, 2,700 people in all, headed by vice-premiers of their respective governments.

Urban Construction

Many visitors are surprised by the speed of Shenzhen's urban construction. In 1979, the area of Shenzhen's city proper was only three square kilometres, with a population of 30,000, and the total area of buildings was only 290,000 square kilometres. Streets were narrow with the to-



Shenzhen mayor LI HAO

tal length of highways reaching only eight kilometres. There was not one police box nor traffic light and the 20-odd small workshop-like factories with no engineers could only produce farm tools, chemical fertilizer and local processed food. Now, however, Shenzhen city proper has expanded to more than 50 square kilometres. Skyscrapers line the streets and newly paved highways, surpassing 200 kilometres in length, are broad and straight. After the completion of its infrastructure, factories, dwelling commercial, first-class hotels and other buildings covering 17 million square metres sprouted immediately in the new development zone.

With such rapid urban construction, a foreign newspaper termed the zone an "overnight city," while another foreign newspaper said the "explosive speed" of urban construction is rare in the world.

Economic Growth

The economic growth of Shenzhen, like its construction, is also fast. The following are the latest statistics from the Shenzhen municipality.

Items	Units	1979	1980	1987	1988
Capital construction investment	million yuan	50	125	2157	3473
Area of housing completed	thousand sq.m	130.1	346.3	2405.8	3219.9
Gross domestic product (price of the year concerned)	million yuan	196	270	4749	7357
National income (price of the year concerned)	million yuan	160	221	3626	5685
Total industrial output value (constant price of 1980)	million yuan	61	84	5763	8881
Total agricultural output value (constant price of 1980)	million yuan	115	111	284	403
Local budget revenue	million yuan	17	30	875	1244
Total export value	US\$ million	9	11	1414	1849
Foreign funds actually used	US\$ million	15	33	405	444
Agreement (contract) with foreign businessmen		170	303	334	694

Major economic indexes of Shenzhen during 1979-88

Total (79-80)	Increase of 1988 over 1979 (fold)	Average annual growth %
13825	70.4	60.2
17891.7	25.8	42.8
24365	38.6	49.5
19167	36.5	48.4
24021	146	73.9
1825	4.5	14.4
4140	74.2	60.7
4657	205	80.7
2276	29.6	45.7
6179		

Notes: Gross domestic product (GDP) is a country's (or region's) total value of products together with labour services in a certain period. That is, GDP=GNP minus the incomes from a country's (or region's) overseas capital and labour service plus the incomes from foreign capital and labour services within the territory.

From the above statistics, one can see that during 1979-88, Shenzhen's economic indexes

have increased, first several, then dozens and, more recently, hundreds of times over, and that the average annual rate of increase, except 14 percent in agriculture, exceeded 40 percent with some even surpassing 80 percent.

A scholar, Liu Zhigeng, writes in his book *Probe Into the Development of Shenzhen's Economy*, "After World War II, every decade has witnessed an economic miracle—Federal Germany in the 1950s, Japan in the 1960s, Singapore, South Korea, Hong Kong and Taiwan in the 1970s, and Shenzhen in China's mainland in the 1980s." According to Liu, although it is inaccurate to some extent to compare Shenzhen with the countries and regions mentioned above, the amazing growth rate of Shenzhen's economy over the past few years will be felt well beyond the city's boundary.

Further Opening

"Shenzhen's most valuable ex-

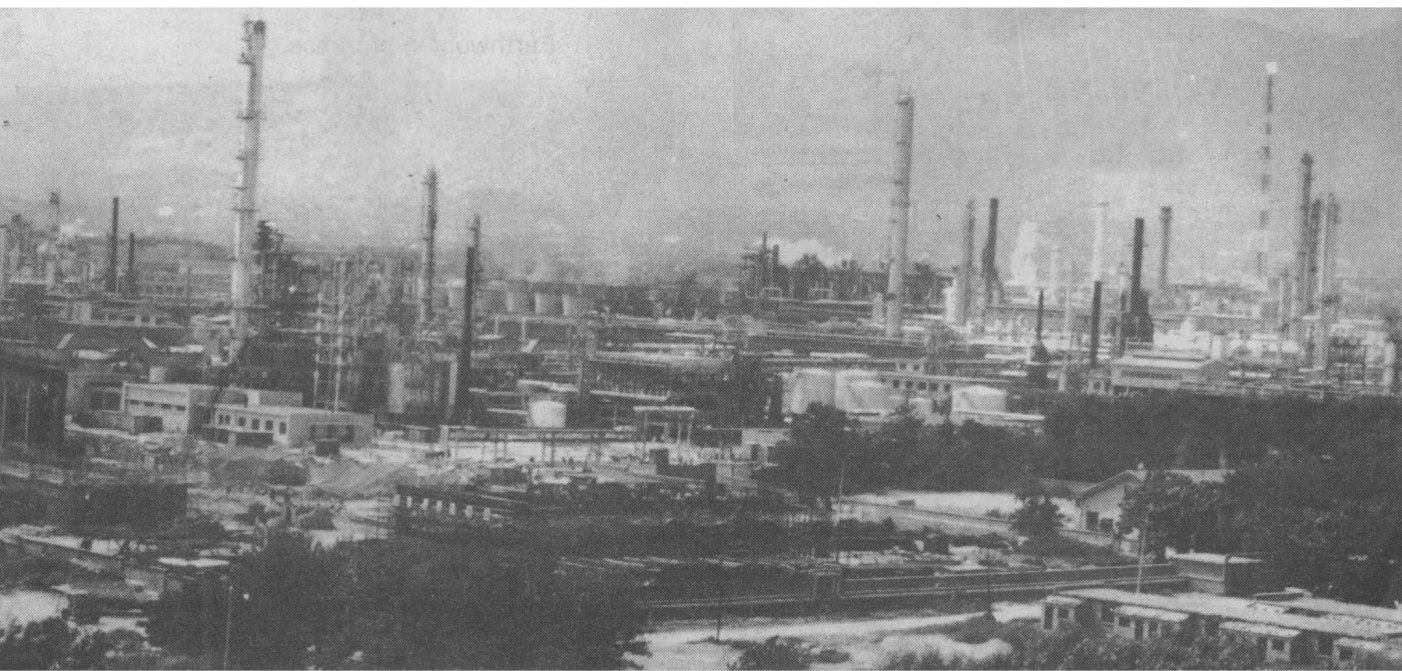
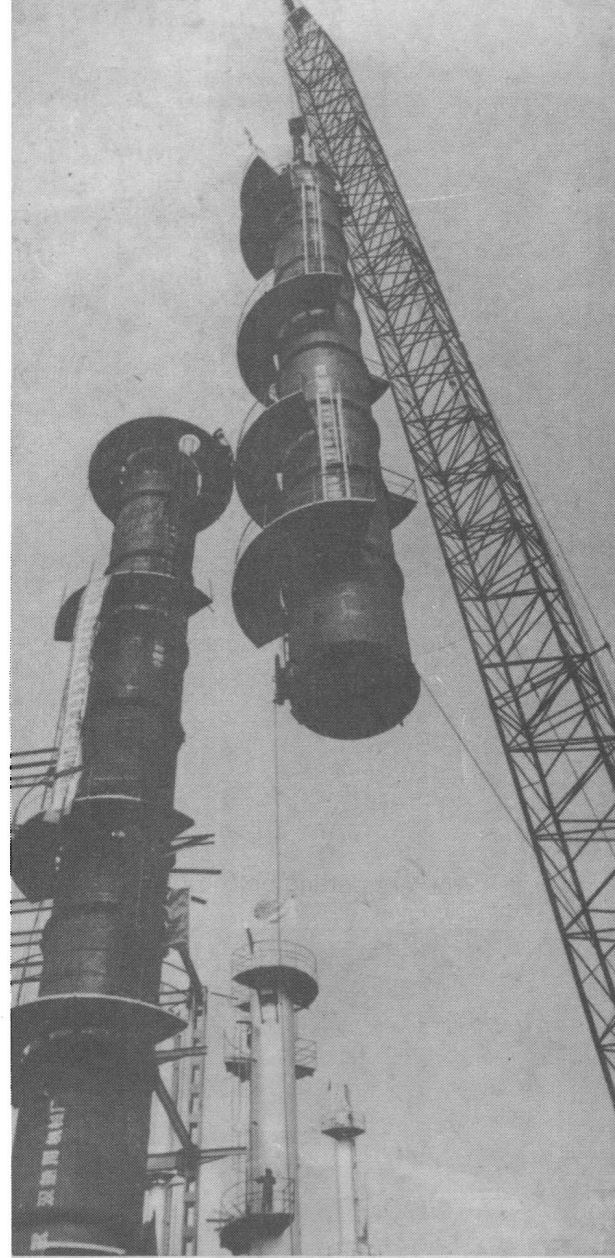
Yanshan—Production Takes Command!

The Beijing Yanshan Petrochemical Corporation is the largest petrochemical complex in China. It has 50 sets of production devices and processes over 200 kinds of petrochemical products and has an annual output value of RMB 3.3 billion yuan. Yanshan hands over RMB 1.87 billion yuan in profits in the form of taxes to the state. In 1987 Yanshan imported two complete manufacturing systems from a US company so it could produce 60,000 tons of styrene and 50,000 tons of polystyrene respectively. After both systems come into full operation this year China will be able to make enough styrene and polystyrene to supply its domestic market.

Photos by Sun Yi

Installing, section-by-section, a styrene rig.

A distant view of the styrene and polystyrene construction site.





Workers laying underground pipes.

Workers putting up the factory.



Putting in the finishing touches to construction work are deputy manager Liu Enchang (2nd right), and director Wang Shike (1st right).

Earthwork in progress.





Painting overhead steel girders to prevent rust.



Engineers doing quality inspection.





Heading up most work is Situ Zexiang (2nd left), deputy-manager at Yanshan Petrochemical.



American engineering expert John Davis (2nd left) discussing construction work with some of the Chinese staff.

Scaffolders scaling the peaks.



perience over the past ten years has been its opening to the outside world," said Li Hao, the mayor of Shenzhen, in his interview with the reporters. "And, in order to gain greater progress, it is necessary to carry the open policy further so as to adapt ourselves to the world's competitive economic environment. The closed-door policy," he announced, "is no longer in keeping with the times."

But how should its doors be further opened to the outside? According to Li, through deepening reform, a socialist mechanism, operating in accordance with international practice, should be built in the zone and various markets—financial, exchange, production material, intellectual and labour—should be established to meet the needs of the commodity economy. At the same time, some 200-300 corresponding laws and regulations need to be drawn up so that foreign businessmen can conduct their production, management and other activities on the basis of recognized international practice.

In order to realize this goal, Li said, Shenzhen will gradually open its first front (Shenzhen's boundary line with Hong Kong) and control the second front (the line between Shenzhen and other regions of the mainland), making the place a "Hong Kong" within China's mainland.

In that case, won't Shenzhen become a capitalist city? Li, an old Party member, who in his young days made a contribution to the birth of the Republic, answered with confidence and assurance, "No, because, politically, the special zone accepts the leadership of the Communist Party of China, economically, socialist public ownership predominates and ideologically, it is led by Marxism. The zone's regime is part of the people's democratic dictatorship under the leadership of the Chinese government."



People travelling between Shenzhen and Hong Kong through the "special channel."

Development Prospects

People are unabashedly optimistic towards Shenzhen's development prospects for the following reasons: Reform and opening to the outside world are China's basic policies and will remain unchanged; after nine years of construction, Shenzhen has retained a favourable investment environment and has a relatively strong economy; the world economy, as predicted by some international economists, is confronting a major readjustment, and will possibly shift its focus to the Pacific regions centred in Hong Kong, Shenzhen and Zhujiang (Pearl River) Delta, thus offering a good opportunity and favourable international environment. In addition, the agreement reached between the Chinese and British governments returns Hong Kong to China in 1997, a move which will further accelerate not only Hong Kong's economy but Shenzhen's as well.

By the end of this century, the municipal representatives noted that the following goals for Shenzhen's development are expected to be met: gross domestic prod-

uct will reach 29 billion yuan, up from 7.3 billion yuan in 1988, with the per-capita output value increasing to 17,000 yuan. Shenzhen will then reach the level of a moderately developed country.

"Light, small, unique, and new" industries will be encouraged, to develop projects of high technology and advanced knowledge as well as agriculture, foreign trade, finance, transportation, telecommunication, tourism and other industries, and Shenzhen will thus be built into a comprehensive special economic zone focusing on foreign-oriented and multi-functional industries.

The zone will be a major export base. The total export value will rise from US\$1.85 billion in 1988 to US\$5-6 billion in the year 2000.

Shenzhen will take the lead in establishing a system based on international practice so that both domestic and foreign businessmen will, under the protection of the special zone's laws and regulations, carry out their production, management and other business activities with confidence. □

What Does 'The River Dies Young' Advocate?

Following is the full text of Yi Jiayan's article. Subheads are ours.--Ed.

After being broadcast, the TV series *The River Dies Young* has evoked strong repercussions and heated debates among the large audience and in ideological and theoretical circles. To take "an overall view" of a 5,000-year-old historical civilization is an arduous project and it is natural to have different views. To carry deep-going discussions around this question is even more absolutely necessary. The writers of the TV series have expressed their concern and anxiety with a view to changing China's backward status. However, owing to the lack of sufficient background in theory and knowledge and the lack of a serious attitude, many basic theses and judgments in the TV series are incorrect and even harmful.

Here, I'd like to air some of my views.

Historical Idealism

The River Dies Young actually sings an elegy to the whole Chinese nation. It not only declares the decline and premature end of the so-called "Huanghe (Yellow) River civilization" (or Chinese culture) but totally negates the long-standing cultural tradition of a great nation.

The author has asserted, "The sun of Asia has fallen from the sky.

"To simply rely on this piece of loess and this Yellow River can no longer breed any new culture.

"Brand-new civilization can never again trickle from the Yellow River.

"This piece of yellowish brown

land cannot teach us what is the real scientific spirit.

"The savage Yellow River cannot teach us what is true democratic consciousness.

"Fate has merely arranged such a space of existence for the Chinese."

This is typical national nihilism and pessimism, and typical historical fatalism as well.

Instead of using historical materialism and the views on the changes of the mode of production and various social factors to explain China's history, *The River Dies Young* explains China's history with historical idealism, the theory on the decisive role of geographical conditions and such views as the Chinese are inherently stupid and inferior. Its authors believe that history is "decided by the nature of civilization" while "the nature of civilization" is decided by geographical conditions. The TV series says, the Chinese "are not like the European nations who live around the Mediterranean nor are they like the Americans who live between two large oceans." The Chinese "are sentimentally attached to the continent and cannot surmount the restraints of the land and march towards the sea." This has decided "China's historical fate" and the backward, disconnected and conservative nature of this kind of "continental civilization" or "yellow civilization." They conclude, "Yellow River civilization" is a kind of "civilization of failure."

Without any analysis *The River Dies Young* satirizes and negates such symbols of the

Chinese nation as the Yellow River and the Great Wall. It even takes "yellow water," "loess (yellow land in Chinese)," "soybean (yellow bean in Chinese)," "glutinous millet (yellow rice in Chinese)" and "yellow skin" as the backward and hopeless symbols of Chinese culture. This is a great insult to the 1 billion Chinese people, including the "descendants of the Yellow Emperor" residing in Hong Kong, Macao, Taiwan and elsewhere in the world where it has already aroused strong aversion and criticism.

The Chinese nation has a strong cohesive force. Therefore, despite the tangled warfare among separatist warlords, the aggression and partition of imperialist powers in history, China is still able to keep its vast territory unified after repeated struggles. The authors of the TV series, however, have adopted a skeptical or even a satirical attitude towards the efforts of national unification in China's history. They claim what stood opposite "a great number of states" and "divided territory" in Western Europe, Japan and India during the Middle Ages was the "only vast and unified territory of China." This is a piece of backward "hardened land" and "the spectre of a unified domain still seems to wander over China's land," which, they believe, should be negated. This view, which denies the unification of the Chinese nation and advocates "the standing of a great number of states" and "divided territory" in China, is harmful to the unification of the motherland and

does not tally with the wishes of the hundreds of millions of descendants of the Yellow Emperor.

The River Dies Young does not make any distinction between the struggle of the labouring people in China's history against oppression, exploitation, foreign aggression, national independence and turmoils such as the tangled warfare between warlords. On the contrary, it equates all just struggles in history including those of slaves, the peas-

ant uprisings, and the struggle against imperialist aggression to vicious activities. These activities, it claims, "did not have the so-called revolutionary significance as some theories have stated," but "demonstrated astonishing devastation and cruelty" and "ruthlessly destroyed the accumulation of productive forces again and again." On the other hand, it says, "there is no other nation in the world like China that pursues unique life philoso-

phy of submitting themselves to the will of Heaven."

The River Dies Young inquires, "Why is there only a bit more than a decade between the turbulence prior to liberation and the outbreak of the turmoil of the 'cultural revolution'?" Does it mean that the periodic social vibrations of ancient times still continue?" Here, evidently, it has placed the Civil Revolutionary War (1927-37), the War of Resistance Against Japan

People's Daily Editor's Note

Following is the Renmin Ribao (People's Daily) editor's note to the recently published article by Yi Jiayan. The signed article is titled "What Does 'The River Dies Young' Advocate?"—Ed.

In the second half of last year, *The River Dies Young*, a major documentary, known in the West as "River Elegy," was shown on TV twice, evoking repercussions both at home and abroad. In the words of Su Xiaokang, chief writer of the TV series, *The River Dies Young* "attracted a lot of attention from the public." However, despite the numerous acclaims, many people aired different views. Some questioned in anger, "What on earth does *The River Dies Young* advocate?" This article was written in October 1988, and is now published for the first time.

The writer used the penname "Yi Jiayan" which means "views of one school." For any controversial works, anybody of course should have the right to participate in the debate. But, after Yi Jiayan's article was completed, Zhao Ziyang clearly expressed his view, "It should not be published." At the same time, he presented a set of video tapes of the TV series to a foreign guest and told him "it's worth watching." Does this conform to the principle of "letting a hundred schools

of thought contend?" It is quite right that we propose that the Party interferes less in specific literary and art works and academic questions on the premise that these disciplines adhere to the leadership of the political principles and political direction of literature and art. From this issue we can also find that the implication and political inclination of Zhao Ziyang's "less interference and involvement" in literary and art works are fundamentally different from the Party's propositions. In fact, he proposes that the large body of people who adhere to Marxism-Leninism and Mao Zedong Thought in the literary and art circles should become less involved, and the few people who insist on bourgeois liberalization in the literary and art circles should become more involved. Otherwise, while saying "less interference and less involvement," why did he still interfere in another person's article and ban its publication?

"Serve the people, serve socialism" is the direction of our literary and art workers. We hope

that literary and art workers seriously study and carry out the gist of the documents of the Fourth Plenary Session of the 13th Party Central Committee and the important speeches made by Deng Xiaoping and adhere to the four cardinal principles (adherence to the socialist road, to the people's democratic dictatorship, to the leadership of the Chinese Communist Party, and to Marxism-Leninism and Mao Zedong Thought) in a clear-cut stand, oppose bourgeois liberalization and stick to the direction of "serve the people and serve socialism" so that our literary and art undertakings can play a greater role in the building of socialist material civilization and socialist culture and ethics.

"Letting a hundred flowers blossom and a hundred schools of thought contend" has been a consistent principle of our Party. In the future, we will continue to firmly carry out this principle to promote the prosperity of the country's literature and art and promote the development of theories. This is conducive to our great socialist cause." □

(1937-45) and the Liberation War (1945-49) on a par with the "cultural revolution" (1966-76) and included them all in the "periodic social turbulence" which "appeared every seven or eight years" and which should be negated. The TV series does not even mention a word about the heroic struggles against imperialist aggression since the Opium War. It belittles and satirizes Lin Zexu, Wei Yuan and Deng Shichang, expressing the authors' undesirable attitudes towards Chinese people's struggle for national independence.

In this way, *The River Dies Young* has fundamentally misrepresented Chinese history, particularly the contemporary and modern history since the Opium War. It is not accidental that it does not mention Sun Yat-sen, Lu Xun and other great revolutionaries and thinkers who made outstanding contributions in the development and implementation of change in China's historical fate, while expounding China's contemporary and modern history.

The River Dies Young does not give any historical account of the people's revolution to overthrow imperialism, feudalism and bureaucrat-capitalism under the leadership of the Chinese Communist Party. The birth of the People's Republic of China that changed the balance of power in the world, the elimination of the exploitation system and the introduction of socialist construction in China were also ignored. The only historical event after the founding of the People's Republic mentioned here is the "subversive and frenzied great leap forward" and the "unprecedented great cultural revolution." The Communist Party and its leader, Mao Zedong, appear again and again as a negative and taunted target in the TV series. The authors lament that China lost the chance to select "capital-

ism" in its contemporary and modern history. It proclaims, for practical purposes, the complete failure of the historical experience of the socialist road achieved under the leadership of the Chinese Communist Party by using Marxism to examine Chinese society and choosing the new-democratic revolution. It thus gives Chinese history the biggest twist.

The River Dies Young has not only refuted the necessity of implementing socialism in China, but also the necessity of the Russian October Revolution. Quoting the words of Plekhanov, it tries to make people believe that the political power seized under the leadership of Lenin was "too early" and "overstepped the necessary development stage" so that the "economy suffered a disastrous failure."

The River Dies Young asserts categorically, "The death knell of capitalism predicted long ago by Marx has not sounded yet." It means that the replacement of capitalism by socialism is only a kind of "Utopian" fantasy. However, isn't the establishment of the socialist system in many countries, including the October Revolution and the Chinese revolution a vivid expression of the historical process of the inevitable doom of capitalism? Just like capitalism which is unlikely to appear in all countries at the same time, the socialist system cannot be established simultaneously in all countries either. *The River Dies Young* says nothing about the great guiding role played by Marxism in the practice and in the historical process of the Chinese revolution. It seems that Marxism no longer plays any role in the "cultural rethinking" and "historical changes" in China. Marxism has been actually turned into a backward "traditional concept" that should be fundamentally changed.

Extols Capitalism and Advocates Westernization

The River Dies Young has tried hard to extol and prettify Western civilization, or the European and blue civilization i.e., the capitalist civilization. It says, "Capitalism, by moving the two wheels of industrial revolution and free trade, has developed by leaps and bounds and started the dual historical cantata of science and democracy." But, it does not say a word about the sanguinary and criminal history of old-line imperialism which invaded, plundered and trampled China underfoot for more than a century under the signboard of free trade. This history of imperialism was completely removed in the TV series.

The River Dies Young has propagated the "theory of Eurocentrism," claiming that only capitalism can save China and that "complete" Westernization and taking the road of "blue civilization" (capitalist civilization) is the only way out for China. The "blue civilization" has been regarded by the TV series as the "new dawn." To save the "wane of civilization," the only way is to "open the country's door wide to the outside world" and "usher in the new dawn of science and democracy." It also claims that it is the "only choice" which should not be rejected. This "choice" is meant to change the "colour" of our civilization. The reform advocated in the TV series is, in fact, aimed to replace the so-called "yellow civilization" with the "blue civilization" by "letting the continuous, heavy rain of the blue ocean civilization fall on the dried yellow land." Besides this, it holds that the foreign "concession" in China is not "a hotbed of crime," but the "pioneer of civilization."

Although *The River Dies Young* has talked much about the reform and opening up, its

stance does not comply with the Party Central Committee and Comrade Deng Xiaoping's policy of reform and opening to the outside world, and it also runs counter to the target of building China into a Chinese-type powerful, modern socialist country. Reform and opening up do not mean "total acceptance of Westernization" and following the capitalist road. As early as 1979, Comrade Deng Xiaoping pointed out, "Some people have spread the view that socialism is not better than capitalism. We should refute this view." This admonishment is still valid.

Authors of *The River Dies Young* assert that "the Chinese intellectuals have always depended on political power," "have not formed an independent social group and have lacked an independent consciousness of character." It is precisely that many advanced intellectuals, under the leadership of the Chinese Communist Party and together with the labouring people, have conscientiously plunged themselves in the great revolution and construction and displayed their talents and strength. How can they say that China's ideological and cultural pioneers have not any "independent consciousness of character"? At the same time, they declare, *The River Dies Young* not only proves that an elite cultural group with independent academic thinking has taken shape, but also displays the achievements of these people's independent thinking about the nation's destiny." They have also lauded themselves to be the representatives of the "entire cultural elite" and claimed that *The River Dies Young* "has placed the solicitude shown by the whole stratum of cultural elite about the fate of the nation" and "provided a new world outlook" for the Chinese people." In fact, they have regarded themselves as an indepen-

dent leading force of China's ongoing social reforms which is "independent of any political power."

Unscrupulous Scholarship

The scholarship of *The River Dies Young* is careless. It does not talk about the internal relations of things. Instead, it metaphorically pieces together some phenomena and sentences found sporadically and conducts superficial historical comparisons between them, a practice which had been opposed by Marx. They did not check the facts, misquoted passages and even adopted a distorted attitude towards Marxist classics. The TV series says, for instance, that after the May 4th Movement, "Western culture and ideology including Marxism were widely spread in China." This proposition has dismissed the fact that the "West" is a political concept, negated the bourgeois nature of "Western culture and ideology" and the completely different nature of Marxism and "Western culture and ideology," and reduced Marxism to a dependent position of "Western culture and ideology." Another example is that while talking about the Opium War (1840-1842), it first says that the closed-door situation in China was broken by Britain and then quotes a passage from Marx's article. The aim of *The River Dies Young* is to use the words of Marx to prove that Britain made contributions by launching the Opium War. However, this article was neither written in 1840 nor did it talk about the Opium War. Written in 1853, it praises the revolution of the Heavenly Kingdom. Marx pointed out in explicit terms that the outbreak of the revolution was "propelled" by the British guns and the sales of opium with the help of guns. Marx's condemnation of the British invasion and the TV series'

beautification of the invasion have nothing in common. Furthermore, although Germany is an economically developed country, it is hard to infer that the "ocean civilization" can be applied to it. What then is the civilization of many economically backward maritime countries? Other examples of poor scholarship include: The TV series indicates that Zhang Heng (78-139), a scientist and writer of Eastern Han and inventor of the seismic instrument, was at the post of an official for only "several days," ignoring the fact that he had been at the post for 14 years. Zu Chongzhi (429-500), a scientist of the Southern Dynasties, and Song Yingxing (1507-?), a scientist of the Ming Dynasty, were in the official circles for a fairly long period of time. However, the authors arbitrarily say that "they were clad in cotton clothes" (meaning they were not officials). Wolonggang, a place where Zhuge Liang (181-234), a statesman and strategist in the period of the Three Kingdoms, lived and farmed, becomes his "eternal sleep" place in the TV series. Numerous similar cases appear in the TV series. This flawed "hodgepodge" was even regarded as the "breakthrough" and the "highest achievement" in China's ideological circles, and the appearance of *The River Dies Young* as a "new enlightenment movement." This practice of blowing their own trumpet has aroused people's scorn.

The above are some major views dealing with *The River Dies Young*. These important questions merit more discussion, however, space restrictions prevent further detailed analysis. Different views should be fully reflected and it is our hope that the problem will be approached in a multifarious way, based on a good grasp of materials. □

Foreign Investment in Qinhuangdao Growing

Foreign investment in Qinhuangdao, one of China's 14 coastal open cities, is now heating up. Statistics released in late June showed that foreign businessmen had invested US\$539 million in Qinhuangdao to establish 44 Sino-foreign joint ventures, 37 of which were productive enterprises. At the Beidaihe Summer Commodity Fair held in early July, foreign investment showed a comfortable upturn. During the fair, businessmen from Japan, Indonesia, Australia, the United States and South Korea as well as Hong Kong signed investment contracts for several large projects worth more than US\$100 million. For example, Sakagutchi, a Japanese businessman, was so satisfied with the investment environment when he made his first trip to Qinhuangdao last year that he then decided to invest US\$21.38 million to establish the Qinhuangdao Sakagutchi Wire Rod Co. Ltd. His solely owned enterprise has an annual output of 12,000 tons of stainless steel wire rod and similar products, all of which are sold abroad. On May 15, this year, Sakagutchi came to Qinhuangdao again and obtained his business licence.

A South Korean businessman said that the future development of the Asian economy would mainly be in China. However, he is not content with investment in a single production line and is hoping to obtain land in Qinhuangdao to develop and produce a variety of products.

At the Beidaihe Summer Commodity Fair, a Taiwan businessman signed contracts with his mainland counterparts in Qinhuangdao to produce high-grade shoes for export. He said that a

good businessman always pays a lot of attention to commercial opportunities, and that he wouldn't miss a good chance to invest on the mainland. He plans to invest US\$20 million to establish a joint venture to produce nylon oxford.

A representative of a Hong Kong company, Zhang said that his company plans to invest more than 4 billion yuan to develop real estate and tourism in Nandaihe, Qinhuangdao.

So far, one of the foreign-funded enterprises in operation in Qinhuangdao has a loss. For instance, a Sino-Australian joint venture which was put into operation in 1987, the Hua Yan Bundy Tubing Co., spent only one and a half years recouping all of its investment. According to the Australian plan, the needs of the market would require the opening of another production line, whose one-shift output would be 12 percent higher than the one-shift output of the Australian Bundy Corp. With this strategy, the product rejection rate dropped from 10 percent to 1.1 percent. Jeff Schwarz, director of the Australian side, said his Chinese workers were talented and the Australian concern was very pleased with them.

by Han Zhuping

Italy Wins Bid in Tyre Item

The Pirelli Company of Italy won its bid to supply the Italian equipment that will allow China to annually produce 300,000 steel-belted radial tyres at the end of July. Moreover, it is China's first industrial item by an Asian Development Bank loan.

As an item with the largest investment during the recent time in Qingdao, Shandong Province, and the state's key technical renovation project, this item will be undertaken by the Qingdao No.2 Rubber Factory. This kind of tyres is urgently needed to replace the old generation and represents a great leap in science and technology for China.

For recent years, China's automobile industry has developed as rapidly as its import of the tyre equipment and technology. Besides the Qingdao No.2 Rubber Factory, the Italian company has so far teamed up with the following two Chinese factories for tyre production: the Hualin Rubber Factory, Heilongjiang Province and the Beijing Tyre Factory.

by Xie Yun

Foreign Exchange To Be Co-ordinated

Foreign-exchange donations to not-for-profit organizations by overseas Chinese and compatriots from Hong Kong, Macao and Taiwan can be converted at the foreign exchange co-ordination centre, stipulated by the State Administration of Exchange Control (SAEC) recently.

The ruling also said that foreign exchange received by Chinese governments at all levels for disaster relief can also be converted into RMB through the co-ordination centres.

A SAEC official, Li Yanping, said that RMB funds changed through the foreign exchange co-ordination centres must be used in accordance with the donors' letters of intent and that use of funds for other ends is prohibited.

Previous to the change in regulations, donors were often limited to giving items in kind instead of donating foreign currency which was difficult to convert at a fair exchange rate.

The foreign exchange co-ordination centres will generally grant an exchange rate for such donation 60-70 percent above the official exchange rate.

China has established more than 90 foreign exchange co-ordination centres across the land.

by Yao Jianguo

Import Goods See Licensing

Nine commodities including automobiles, motorcycles, motorcycle engines, refrigerators, freezer compressors, air-conditioners, air-conditioner compressors, television sets (both colour and black-and-white), and TV display tubes have been slated for quality licences starting May 1, 1990, said the State Administration for the Inspection of Import and Export Commodities (SAIIEC). This is China's first batch of commodities included in its special "List of Import Commodity Quality Certificate System."

In explaining the new licence requirement, the SAIIEC's Director Zhu Zhenyuan said the first batch of commodities are machinery and electronic products that will have a great impact on China's economic climate, and consumers' health and safety. The commodities selected for licensing are vital to the interests of everyone, and must be strictly inspected.

Over the last few years, many quality problems appeared. It was a matter of concern that defects related to safety, more than quality, were discovered in these nine kinds of imported commod-

ities.

For example, the 210,042 refrigerators inspected last year, 16,171 were not up to standard; 22,576 of the 120,832 colour TV sets inspected were found to be of poor quality; and 216,443 of the 692,758 TV display tubes inspected were also turned to be below standard. Zhu said that it is necessary for these commodities to carry quality certificates before entering the market.

In addition, the SAIIEC will continue to add commodities to the list. These commodities included in the new inspection list will be checked for safety and quality. Items that meet China's safety laws and standards will carry the administration's seal or have a quality licence when they come into the domestic market.

The SAIIEC has been busy preparing and formulating the rules, regulations and standards that will be included in the new inspection system.

Meanwhile, the provinces of Hubei, Jilin, Shaanxi and Guangdong and cities of Shanghai and Beijing are authorized to deal with the routine duties of import commodity quality certificates, while nine commodity inspection offices will be responsible for checking the safety of imported commodities.

by Li Ning

News in Brief

- The world's largest ship paint producer, Coutaulds Coatings Ltd. of Britain and the Shanghai Kailin Paint Co. signed a 25-year joint-venture contract in Shanghai on July 30.

The joint venture, the International Paint of Shanghai Co. Ltd., has a total investment of US\$5.8 million with the Britain partner putting in 51 percent and Chinese side investing 49 percent.

The joint venture will produce

ship paint, offshore drilling platform paint and yacht paint with an annual production capacity of 6,000 tons. Two thirds of the output will be used for domestic ocean-going ships while one third will be for export. All products will be marketed under the British trademark.

- China's Torch Programme is flaring to success. On August 5, the State Science and Technology Commission declared that 30 more projects would be added to this year's Torch Programme to bring the total to 234.

The Torch Programme which began in August 1988 was aimed at the commercialization and industrialization of China's high technology. These undertakings, plus last year's 38 items, can be completed over a short period and be easily integrated into various markets. Li Xue, minister of the State Science and Technology Commission, said that the input-output ratio in all Torch projects will reach 1:5, and the ratio between input and the annual increase in profit will be 1:1. At present, organizations from the United States, the Federal Republic of Germany and Norway as well as some other countries in China have expressed their deep interest in co-operating in Torch Programme.

- The Beijing Great Wall Sheraton Hotel has realized profits of more than 5 million yuan from 1988 despite having to cover capital and interest costs. The Great Wall has completely paid back its bankers US\$1.5 million in circulating fund and a 5 million yuan loan.

The Great Wall was co-financed by the Beijing branch of China International Travel Service and E-S Pacific Development and Construction Co. Ltd. Since its operation on June 20, 1984, the hotel's volume of business has surpassed 600 million yuan and it has handed over to the state more than 80 million yuan in taxes and profits. □

New Film an Epic of China's Revolutionary War

The *Great Kunlun Mountain*, a new feature film produced by the August 1 Film Studio, gives a vivid portrayal of Mao Zedong and his comrades in smashing Chiang Kai-shek's concentrated attack on the Communist liberated areas in 1947.

In March 1947, Chiang Kai-shek deployed 200,000 of his crack troops to encircle Yanan, then housing the headquarters of the Communist Party, after he failed in his all-out attack on the liberated areas in 1946. In sharp contrast with the Kuomintang's enormous army, the Communist force had no more than 20,000 men. To avoid direct confrontation with the Kuomintang troops, the Communist force and local people voluntarily abandoned Yanan and took a mobile defence. Mao Zedong himself commanded one detachment, formed mainly by headquarters staff, taking the code name of the Kunlun Column, to force its way through the blockade of the Kuomintang troops. Mao successfully pinned down the enemy's main force and at the same time directed the struggle in other battle areas.

The film's opening scene is very impressive. In a cave house typical of northwestern China, Mao is saying goodbye to his friend, Anna Louis Strong, one of the most famous American journalists to cover the liberated areas. When asked about the time and place of a possible get-together, Mao promises Strong that it would be "three or five years later, in Beijing or Nanjing," implying that Mao was confident of a total victory over Chiang Kai-shek.

Strong stayed in Yanan for several months during which she had several long talks with Mao.



In one of those talks Mao made one of his most famous statements, "Imperialists and all the reactionaries are paper tigers."

Mao was then facing the deadly encirclement of his paper tigers armed with modern American weapons and fed with American munitions. Strong understood well the determination and self-confidence of the Communists. In Mao's words, "We Communists do not want to fight for even a day. However if we are forced to, we are confident that we can fight to our final victory."

Mao, hero of the film, was no doubt the most brilliant figure in this critical moment of Communist history. Instead of eulogizing him as a legendary Communist leader, however, the film makes great effort to depict Mao as an ordinary revolutionary, unveiling the mystic shadow cast around him over the long years

of too heavy a dose of propaganda. From the film, people are able to have a closer vision of Mao, not only as a revolutionary leader, but also as a person of human feelings. His wisdom, his strategy, his passion as well as his temper all contribute to the credibility of his outstanding personality. Mao's image greatly impresses an audience who for quite a long period has cherished a passionate and blind worship of him. The film is successful in exposing the psychological emotions of Mao when he and his men withdrew from Yanan where he had lived for 12 years, in the face of the pending attack of the Kuomintang troops. This was a critical moment for the Communists, a turning point both for Mao Zedong and Chiang Kai-shek.

The film also makes a detailed portrayal of Mao as an ordinary person. A chain smoker, and an optimistic character of humour,

Mao got along very well with his comrades, many of whom later become Party and government leaders in the People's Republic. The film shows that Mao was by no means a formidable statesman, but rather a friendly, compatible colleague. He argued and even lost his temper with his comrades on some issues but he respected their opinions and sometimes apologized for his impropriety. After seeing the film, researchers on Party history and revolutionary veterans said that the film gives a true and correct account of the struggle in that period. Many critics commented that in the film, "Mao returned to the human world from the heavens where he had been inaccessible to common people."

Along with characterizations, the film also tries to present the historical events such as the battle at Qinghuabian, the retaking of Panlong and victories at other theatres in central and eastern China.

The film also displays its artistic accomplishment in portraying Chiang Kai-shek, Mao's counterpart. For a long time, Chiang has been depicted as a good-for-nothing tyrant. This time, Chiang Kai-shek in the film is closer to his real self. He is self-willed and arrogant, saying that he would demolish the Reds within half a year. But he is also possessed by some of the qualities required of a leader, both good and bad. He is also a man of human feelings, as shown in the film when he sheds tears on the death of his best commanders and soldiers. The actor, Sun Feihu, has become well-known for his portrayal of Chiang Kai-shek in several films and on the stage. As a drama actor with strict professional training, Sun again displays his performing talent and artistic potential in his accurate and vivid portrayal of Chiang.

The film, which began its showings throughout the country

on July 1, coinciding with the Party's birthday, is well received by the public. In Beijing's ten cinemas, the seat occupancy has reached 95 percent, a rare achievement for a historical revolutionary film.

The film has also drawn attention from the press. A review of China's most influential newspaper, *People's Daily*, commented that the film had shown the valuable experiences in shooting revolutionary war films.

Since the 1970s, Chinese film artists have achieved many successes in film about revolutionary history. A number of films with similar subject matter has been shot, such as the *Xian Incident*, depicting the dramatic event of Xian in 1936 when Chiang Kai-shek was placed under house arrest by two of his generals and forced to fight against the Ja-

panese, and The Nanjing Victory—in 1949 PLA crossed the Changjiang (yangtze) River and took Nanjing, putting an end to the Kuomintang's rule in China; and *Cross Chishui River*—a red army episode which occurred at the beginning of its Long March in the mid-1930s.

The *Great Kunlun Mountain* took three years to film and cost about 20 million yuan, the usual budget for three common feature films. More than ten thousand soldiers and thousands of civilians joined the effort, and the setting covered more than ten provinces and cities. Famous actors were invited from different film studios to play historical persons such as Mao Zedong, Zhou Enlai, Zhu De, Deng Xiaoping and many Kuomintang veterans.

This film has been chosen for entrance in the first China Film Festival to be held September. □

Guan Excels in Peking Opera

Peking Opera has only four basic types of roles, with some subdivisions. Players, even the most distinguished ones, usually specialize in only one of them. For instance, Mei Lanfang achieved fame for his impersonation of *Dan*, or female roles. The flamboyant Ma Lianliang was noted only for his *lao sheng*, or bearded male roles.

Peking Opera consists of singing, acting and fighting, and often involves much dancing and acrobatics. Players are usually expert in only one of these fields. For instance, the great *jing*, or painted face, role player Qiu Shengrong was warmly loved by fans chiefly because of his unique singing.

However, actress Guan Shuang is an exception. She is so versatile that she excels in all the main types of roles. She sings superbly and displays breathtaking acrobatic feats in the fighting scenes.

In the play "Yang Yanhui Visits His Mother," she first plays the

charming, clever young princess who is full of humour. In the next scene, she plays another type of role, a brave, alert young general on patrol duty. Lastly, she becomes a stately and austere old empress dowager, mother of the princess.

In the "Romance of an Iron Bow" she plays both female and male role, making a thorough characterization of a beautiful, courageous and resourceful woman.

In the play "Muke Stockaded Village," she first plays a passionate, young girl with powerful fighting skills. In the next scene, she becomes the bearded, middle-aged commander-in-chief of the enemy army.

In "Lu Bu and Diao Chan," she first plays the young beauty Diao Chan, who is being used as a temptress in a political plot to win over the haughty general Lu Bu. Then she impersonates Lu Bu in the final scenes.

These all-round skills have won her unanimous acclaim from dra-

ma critics. And people often queue up overnight for tickets to her performances.

Guan credits her versatility to her teacher, Dai Qixia, an eminent actress who now lives in Taiwan.

"Had it not been for her training, I could not have acquired such a variety of skills," Guan said at an interview in Kunming.

"We spoke to each other over the telephone in March 1988, when I was giving performances in Hong Kong. My teacher said she would have come to see me if she had known earlier," Guan said.

Guan is now head of the Peking Opera Troupe of Yunnan Province, and concentrates on teaching.

Though now 60, she looks much younger than her age, with limpid eyes. She is an eloquent conversationalist without an iota of affectation about her.

Despite her fame, Guan still leads a simple life. She lives in a three-room flat in an old building. The rooms are small and the furniture is old and simple.

I learned later that Yunnan Peking Opera Troupe had built better flats for its senior staff, but Guan declined to take one.

While on tour, Guan would travel, eat and have the same accommodations as other members of the troupe, and she never permitted herself any special treatment.

Born into a poor family, Guan was indentured as a Peking Opera apprentice at the age of 14.

An apprentice's life then was very hard. She had to work at the same time as a servant for her master's family. Yet she persevered for six years in practicing all the strict exercises required of a good player.

She made her stage debut in minor roles in the second year of her apprenticeship and after that her popularity quickly grew.

Even now, she still keeps up her stage exercises in order to ensure the best possible education for her students.

In the 1980s, she captivated Western European audiences with her thrilling performances of the "Story of the White Snake," "Au-

tumn River" and others, in spite of the language barrier.

I asked her why Peking Opera is no longer popular with Chinese young people.

She admitted that this was true and said one reason was that there are now many more kinds of entertainment. With a TV set at home, people are reluctant to go to the theatre at night unless there is something exceptional to be seen.

Also, few young players train as hard as in the old days, with the result that their performances don't have much appeal. Another reason is that the "cultural revolution" has made many young people ignorant of the classical arts in China, including Peking Opera.

She also suggested that a theatrical troupe should not remain in

one city but should regularly go on tours, as in the old days, so that audiences have more chances of seeing something new.

Guan said that her troupe is rehearsing the play "Wu Zetian," whose scenario was written by Tian Han, famous playwright hounded to death during the "cultural revolution."

Guan will play the title role Wu Zetian, the only empress in Chinese history who held state power for 20 years (684-705) during the Tang Dynasty (618-907).

"This is a new challenge to me. I shall have to portray a deep, wise and despotic political figure," she said.

by Zhang Huimin

Herbs Make Male Pill

Two Chinese herbs may be the basis of a male pill, according to Chinese scientists. Tests using *Tripterygium wilfordii* and the Kunming wild crabapple found they had a strong counter-fertility effect in men and will hopefully form the basis for an ideal male contraceptive.

Professor Qian Shaozhen, who sits on the directive committee of the World Health Organization's (WHO) counter-male fertility directive committee and who is also an expert in contraception, announced the findings at an international conference on fertility and counter-fertility in Nanjing.

Both Chinese and foreign experts showed a strong interest in applying the findings that promise to make an important contribution to global population control.

Tripterygium wilfordii and Kunming wild crabapple have both been used mainly against rheumatoid arthritis. In recent years, however, tests suggested that the use of the two herbs had resulted in sharp decreases in sperm counts.

The Birth Control Research Institute of Jiangsu Province conducted a number of tests which confirmed that the herbs had a strong counter-fertility effect on male white rats.

They then continued their research together with other related units in Beijing, Shanghai and Nanjing which involved a year's observation on 26 rheumatoid arthritis and dermatosis patients who were using the two Chinese herbs.

The study showed that the herbs had a strong counter-fertility effect on the patients without any apparent side effects. It was also found that fertility was restored two months after the patients stopped using the herbs.

So far there has not been a satisfactory male counter-fertility drug produced that is both safe and effective and China's study for a herbal-based male contraceptive has attracted attention from medical circles around the world.

Research into the counter-fertility effect of *Tripterygium wilfordii* has been conducted in China with WHO backing since 1986. In 1987, China listed that research as a key item in its Seventh Five-Year Plan.

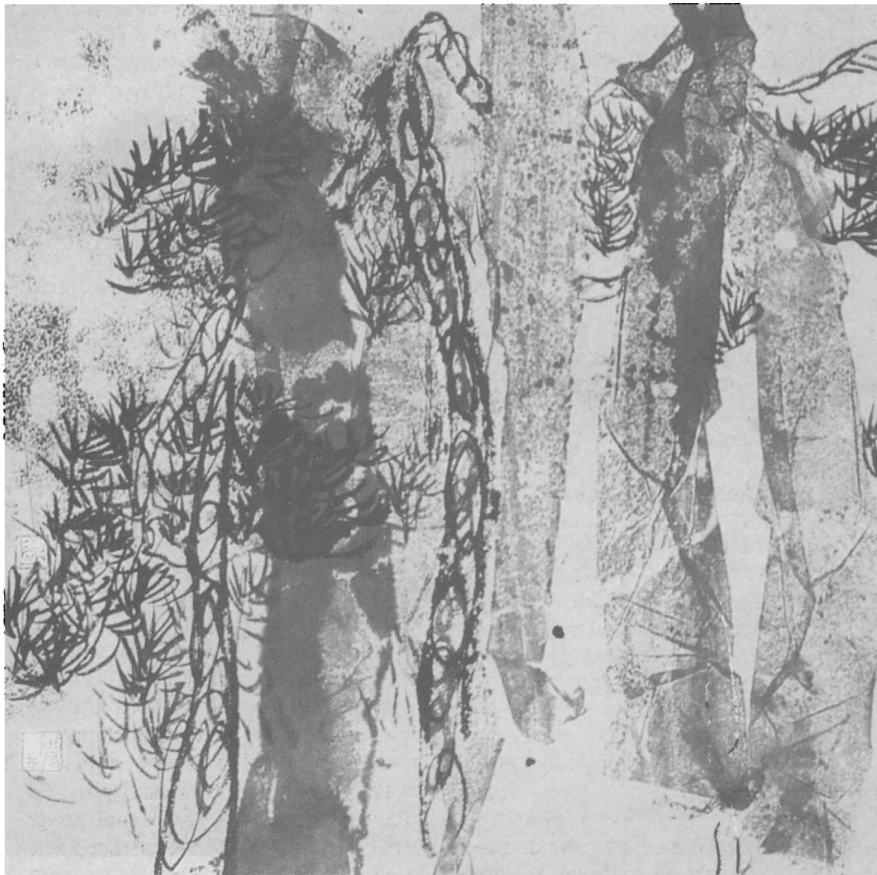
Now that there has been the separation of the effective chemical elements, further work remains both in weeding out any possible toxic effects and in the actual production of the male contraception medicine. □

ART PAGE

Bamboo.



Plum Blossom.



Pine.

Wash Paintings by Chen Lusheng

Chen Lusheng was born in Yangzhong County, Jiangsu Province, in 1956. He now is an editor of the People's Art Publishing House. Chen is a young artist specializing in the theory of art and ink and wash paintings. His works blend traditional Chinese drawing skills with the modern style of seeking and exploring.



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