

A CHINESE WEEKLY OF NEWS AND VIEWS

Beijing Review

北京周報

Vol. 33, No. 1

January 1-7, 1990

A PREVIEW OF THE 1990S

China's Second
Strategic Goal



Top: The architectural art of ancient Chinese gardens has long been acclaimed worldwide as a treasure of human artistic endeavour. There's a current world craze regarding classical Chinese gardens. These young Germans perform the traditional Chinese lion dance at the opening ceremony of the "Chinese Park" in Duisburg, the Federal Republic of Germany. *Photo by Hu Xudong*

Bottom: Feng Haiyan (centre), a young suona-horn (a woodwind instrument) player from China's Anhui Province, gives a warm farewell to Turkish friends she made while performing in Turkey. *Photo by Li Xiande*



China's Second Strategic Goal

□ With a stable political and social environment, a united and competent leadership, and initial success in economic readjustment, China is confident of reaching its second strategic goal in socialist modernization—redoubling its GNP by the year 2000 and ensuring a comfortable standard of living for its people (p. 4).

The Course of Reform and Opening

□ Wu Shuqing, president of Beijing University, explains that China must keep to the socialist road in order to improve and develop the socialist system. He refutes the argument that private ownership outperforms public ownership in the rate of development and efficiency and that China's socialist system lacks a "multi-party system" and "political pluralism" (p. 14).

Looking Towards the 1990s

□ In the 1990s, the trend of dialogue and detente will continue to develop. The United States and the Soviet Union will remain rivals, and various unstable factors may lead to serious regional conflicts and even wars. The shared task facing all countries in the upcoming decade is to establish a new international political order on the basis of the Five Principles of Peaceful Coexistence (p. 10).

Government Continues to Support Stone

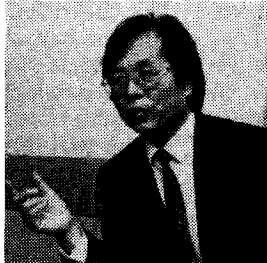
□ Stone's former president, Wan Runnan, was deeply involved in the counter-revolutionary rebellion in Beijing last June and fled abroad after the rebellion was quelled. A *Beijing Review* correspondent's interview with Stone's new president discovers that the government continues to support the private company (p. 22).

1989 in Retrospect

□ A pictorial presents the major events in China in the closing year of the 1980s, ranging from politics to economic development, scientific achievements and other social changes (Centrefold).



Centrefold



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COVER: Three cheers for the 1990s.

Photo by Wang Chao

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

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Published every Monday by BEIJING REVIEW
24 Bawanzhuang Road, Beijing 100037
The People's Republic of China
Distributed by **China International-Book Trading Corporation** (GUOJI SHUDIAN)
P.O. Box 399, Beijing, China

Subscription rates (1 year):
Australia.....A.\$29.00
New Zealand.....NZ.\$39.00
UK.....£14.50
USA.....US\$29.00
Canada.....Can.\$25.00

China's Second Strategic Goal

by Dai Yannian

The Chinese people will continue to push the nation's socialist modernization forward in the 1990s so as to achieve China's second strategic development goal of redoubling the gross national product (GNP) by the end of this century.

China's three-stage strategy for development was to double the GNP in the 1980s so as to solve the long-standing problem of feeding and clothing all the Chinese people. This task was accomplished in 1987, three years ahead of schedule. When China achieves its second strategic development goal to redouble its GNP by the end of this century, it will be comparatively strong and its people able to live a comfortable life. After the third stage is accomplished by the middle of the next century, China will have reached the level of a moderately developed country.

Can China achieve its second development goal in the 1990s? We believe the Chinese people are more confident than ever before that it can be done.

Smooth economic development requires a stable political and social environment. Otherwise, nothing can be accomplished. The harmful effects of turmoil and riots which occurred at the turn of last spring and summer, though of short duration, were felt throughout society. People now realize the importance of political stability and unity and make greater conscious effort to defend it.

The fact that normal social order and a stable political situation quickly returned after the riots were put down, indicated popular support for the Party, the government and socialism.

Some people involved in the turmoil due to ignorance of the truth at first are now clear about it and have rallied around the Party and government. Although a handful of people obstinately trying to take the capitalist road may still make trouble in the future, their conspiracy will not succeed because the people have heightened their vigilance and increased their discernment.

China's second-generation leaders, composed of veteran revolutionaries with Deng Xiaoping at their centre, have smoothly transferred power to a third generation of leaders headed by the newly elected General Party Secretary Jiang Zemin. The recent resignation of experienced and prestigious Deng Xiaoping from his last important post as chairman of the CPC Central Military Commission, fulfilling his wish for complete retirement, also demonstrates the political stability of China.

The concern about the Chinese third generation of collective leadership born last June was a mix of earnest expectation and careful observation. The image of the new leading body set up through their actual deeds demonstrated their ability to firmly implement the effective, basic line and policies laid down in 1978, which

will be carried through more successfully after their summary of past experiences and lessons. With a clear-cut stand, they have upheld the four cardinal principles (adherence to the socialist road, the people's democratic dictatorship, the Communist Party leadership and Marxism-Leninism and Mao Zedong Thought) as well as the policy of reform and opening. Since the earlier deluge of the bourgeois liberal ideas has subsided, the new leading body listens to the people's opinions, and attaches great importance to the promotion of clean government and a good Party style of work and so, shortly after their assuming of office, they decided to carry out seven tasks of common concern to the people which aimed to abolish leaders' privileges and oppose corruption. In regard to foreign relations, the new leading body adheres to an independent, peaceful foreign policy, a policy of principle and flexibility, without the expression of superciliousness and obsequiousness. Such actions by the leading body have fully satisfied the people.

Despite the interference resulting from the turmoil and riots last year, China still achieved initial success in its effort to improve the economic environment and straighten out the economic order. The excessive rate of economic development has been reduced, investment in fixed assets decreased by about 50 billion yuan from the 1988 level.

The high rate of consumer purchases has been controlled, and inflation, a major cause of discontent, has been slowed down. Although commodity prices continued to rise last year, the rate of retail price hikes has dropped monthly in large and medium-sized cities since early 1989. Compared with the same period of 1988, the price rise was 31.3 percent in January and 5.9 percent in November. It is worth noting that regarding the overall price index, most factors causing a price rise were carried over from 1988, while there were only few factors that caused price hikes in 1989. And the rate of price rise for daily necessities was much smaller than the overall rate of price increases.

The public, as a result, did not react as quickly to market prices as before. The situation regarding the withdrawal of money from circulation was satisfactory and savings deposits substantially increased to about 120 billion yuan by the end of 1989. The situation of agricultural production was just as positive, with total grain output reaching 405 million tons, second only to the peak year of 1984.

China's economy, however, still faces difficulties. The basic problems, such as the overheated economy, total consumer demand exceeding total supply, and national income outstripping distribution, all of which cause inflation and affect economic stability, have not been fundamentally solved. The solution to these problems, which have been building up for many years, requires



On December 19, Chinese President Yang Shangkun (in the front middle) and Egyptian President Hosni Mubarak (the first on the left) visit the International Conference Centre in Cairo.

WU JIGUO

Egypt Call Unveils Yang's Arab Tour

China has always backed the Palestinian people in their just struggle to regain their national rights, said Chinese President Yang Shangkun in Cairo on December 18, the day he started the first leg of his official visit to four Arab nations — Egypt, the United Arab Emirates, Kuwait and Oman.

Speaking at a banquet given in his honour by Egyptian President Hosni Mubarak, Yang said

the Chinese government has all along supported the Arab countries in their efforts for a political solution to the Middle East problem.

As an honest friend of the Arab people, China "is ready to do its share for promoting a just and reasonable solution to the Middle East problem," he noted.

Referring to the forthcoming independence of Namibia in 1990, the Chinese president said

he was pleased to see the trend for a political settlement of regional issues increasing in the world, especially in southern Africa.

"Now that the great African people can win their national independence," Yang said, "they can certainly get over all kinds of difficulties, rejuvenate their economy and achieve prosperity."

Yang said China backs the just struggle of the African states against hegemonism, colonialism and racism.

Yang, who was to stay in Egypt for four days, said he was glad to see the world trend changing from tension and confrontation to detente and dialogue, adding that "peace and development are the two major objectives facing the present-day world."

However, he noted, "All kinds of inherent contradictions and unstable factors remain in the world, and regional conflicts are far from being resolved."

Yang lauded the friendly and solid relations between China and Egypt, pointing to the fact that Egypt was the first among Arab and African countries to recognize the People's Republic of China.

"We will never forget that

time. At the Fifth Plenary Session of the 13th CPC Central Committee, a detailed decision was made to further improve the economic environment, rectify the economic order and deepen reform. The decision will serve to unify people's thinking and action. Through two or more years of efforts, China will reach the goal of balancing total demand and total supply and rationalizing the economic structure, thereby pushing the entire national economy forward in a sustained, steady and harmonious way.

China should not pursue a "great leap forward." Because of past mistakes made in this respect, China's economy experienced repeated ups and downs and suffered great losses. China's three-stage development strategy was formulated on the premise that it pursues an appropriate rate of development that is compatible with its national strength and attainable through hard work.

The economic "sanction" imposed on China by certain

Western countries last summer has since caused certain temporary difficulties for China. Our country, however, will not yield to foreign pressure, nor will it be destroyed by such "sanctions." China relies mainly on its own resources for national construction, while at the same time, it opens its door to the outside world and absorbs advanced foreign technology, management expertise and funds. The imposition of "sanctions" on China, will cause greater losses to those who take such actions. More and more people have come to understand the folly of such acts and have called for a halt to them. China welcomes any progress in this respect. It has always stood for co-operation and the development of interstate relations on the basis of the Five Principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. This is beneficial to both Chinese and foreign parties and to world peace and development. □

Egypt has always opposed the schemes by a handful of people in the world of coining 'two Chinas' or 'one China, one Taiwan,'" he added.

China and Egypt, the president said, have sympathized with and helped each other and developed meaningful relations in their struggle to win and safeguard national independence, and achieve economic and cultural prosperity.

"The friendly relations between China and Egypt have stood the test of time and serve as a good example of international relations," Yang said.

For its part, he added, China firmly stands by the Egyptian people in their just struggle against foreign aggression and for the recovery of lost Arab land.

As two influential countries in the world, both Egypt and China shoulder an unshirkable task to oppose hegemonism and safeguard world peace, the Chinese

president said.

Referring to China's internal affairs, Yang said, the situation throughout the country has become stable and social order has returned to normal.

"China's paramount task now is to develop the national economy under this stable situation," Yang said. China, he added, will unswervingly adhere to the policy of reform and opening to the outside world, continue to pursue an independent and peaceful foreign policy and develop friendly and co-operative relations with all other countries on the basis of the Five Principles of Peaceful Coexistence.

Extending his warm welcome, Mubarak said that Yang's visit will contribute to the co-operation between the two countries in various fields.

Meeting with local reporters on December 19, Yang reaffirmed China's consistent support of the Palestinian cause and urged Israel to change its intransigent

policy on the Middle East.

"China could only consider establishing diplomatic relations with Israel when the Jewish state changes its present intransigent policy," Yang said.

Later that day, Yang and Mubarak officially opened an international conference centre in Cairo. The centre was built over three and a half years with Chinese aid.

Speaking at the ceremony, the Chinese president said: "Both China and Egypt are developing countries. The co-operation between us, which is within the framework of South-South co-operation, though small in scale, is sincere and full of vitality as it is based on respect for each other."

On December 20, China and Egypt signed a three-year executive programme of cultural co-operation in Cairo. The programme covers education, health, culture and arts, broadcasting and television, journalism, youth and sports. □

'Taiwan Independence': Nothing Doing

While visiting Egypt, Chinese President Yang Shangkun called attention to the clamour of some people in Taiwan for independence for the island, which he said the Chinese government will never tolerate.

When asked about China's reunification during an interview with a group of Egyptian journalists in Cairo on December 19, the president said that for the time being, he saw no immediate prospect of reunification.

Yang said that Taiwan is an inalienable part of China's territory, adding that contacts between Taiwan and the mainland have been increasing in recent years due to the policies formulated by the Chinese government and the efforts made by the people on both sides of the Taiwan Straits. Because of these contacts, the trend

for reunification is on the horizon, he said.

Until today, however, the contact has been unilateral, Yang said. The Chinese living in Taiwan are allowed to come to the mainland without any restrictions while those on the mainland wanting to visit Taiwan encounter various limitations imposed on them by the Taiwan authorities.

There have been many trade transactions between the two sides over the last few years, Yang said. But no direct trade has been established yet since the Taiwan authorities enforced a ban on such operations. That is to say, trade is still one-sided.

During Taiwan's December 12 election for "legislators", "mayors" and "provincial and municipal parliament" members, according to Yang, a handful of people on the

island with foreign backing openly clamoured for Taiwan's independence.

"We think it is very dangerous for Taiwan to be independent from the mainland," he added, "and it is quite wrong for the Taiwan authorities to tacitly approve the spreading of such propaganda."

He stressed that Taiwan and the mainland must be reunified. "The Chinese government would not sit by idly should Taiwan's independence materialize," the president said.

"We may safely say that the number of Chinese people in Taiwan who are speaking out for the reunification between the two sides is increasing with each passing day," he said. "But as far as the Taiwan authorities are concerned, some people are not heading for the goal of reunification but are hankering after attempting independence for the island. It is absolutely nothing doing." □

China: No Shutting the Open Door

China will adhere to its opening policy no matter what changes take place in the international situation and no matter what difficulties it may encounter, Chinese leader Jiang Zemin said.

The policy of opening to the outside world is not only one of China's basic state policies, said the Party general secretary, but also an important component of its endeavour to build socialism with Chinese characteristics.

Talking about Party and government work for 1990 at a foreign affairs directors' conference on December 20, Jiang said one task is to maintain political stability at home and another is to keep the country's economy developing in a steady and balanced way.

"Therefore," he said, "we must continue to steadfastly carry out the policies formulated at the Fourth and Fifth Plenary Sessions of the 13th Central Committee of the Chinese Communist Party, as well as the policies of furthering reform, improving the economic environment and straightening out the economic order."

China's economic and political situation has continued to develop in a favourable direction over the past few months following the Fifth Plenary Session of the 13th Party Central Committee, Jiang said. The political situation is stable, people's confidence is rising and the image of the Party is gradually being restored, he added.

However, maintaining stability is still the priority task, he stressed. Without stability and unity, China would not be able to develop its economy steadily, and without steady economic development, there would be no social stability, he said.

On the international situation,

Jiang noted that "peace and development" have become the main trends in the world over the past few postwar decades.

"This was determined by changes in the balance of military, political, economic and scientific and technological forces during the postwar period."

He said that despite the volatility in international politics, it can be predicted that the trend of

peace and development will continue to characterize the world situation.

"But we must be sober-minded in realizing that international hostile forces will not give up their strategy of peaceful evolution against socialist countries," he continued. "The key lies in the strengthening of our own capabilities.

"No economic blockade or sanctions of any kind can produce decisive effects on China with its vast territory and large population," the Party general secretary said. □

Prosperity Hinges on Science, Technology

Herculean efforts should be made to achieve scientific and technological progress if China, a developing nation handicapped by a huge population, a weak economic foundation and scarce per-capita natural resources, is to make its ambitious modernization drive a success, said General Secretary Jiang Zemin on December 19 in Beijing. He believed that a country chronically lagging behind in science and technology has no hope of becoming prosperous and strong and standing on its own in the world community.

Addressing a 1989 science-award conference at the Great Hall of the People, Jiang said that he shared former senior leader Deng Xiaoping's view that "science and technology are the keys to China's modernization."

And this, he added, has provided the theoretical basis for China's basic policy concerning the development of science and technology in the new historical period of development.

This policy, as the general secretary spelled out, is to give strategic priority to science and technology and depend on scientific and technological achievements to raise economic and so-

cial efficiency.

Over the past 40 years, especially since the Third Plenary Session of the 11th Party Central Committee in 1978, China has achieved great economic and social successes, thanks to the progress made in science and technology.

Before the founding of the People's Republic in 1949, the country only had 50,000 scientists and technicians, and no more than 500 of them worked in the 30 special institutions of scientific research China had then.

Today, China has trained and brought up 9.6 million scientists and technicians and established a scientific and technological system complete with various branches of learning. The country now has more than 5,200 independent scientific research institutions and 5,000 more such institutions affiliated to enterprises and colleges and universities.

In the last decade and more, China has come a long way in major scientific researches and the application of major research results. High-tech research and international exchange and cooperation in this field have also

been conducted on a large scale.

"We now enjoy a relatively strong force capable of scaling new scientific heights, have approached or reached advanced world level in certain fields, and can basically rely on our own to solve major scientific and technological problems in economic development and national defense," Jiang said.

Calling on the country's 10 million scientists and technicians to make a greater contributions to the country's modernization drive, Jiang listed some tasks as the national priorities. They included giving a major boost to agricultural development; industrial renovation and management reform; revamping the country's traditional industry with high technology, and reinforcing basic scientific research.

Revitalizing agriculture, Jiang said, will depend on progress in science and technology. Advanced and practical scientific and technological achievements must be popularized in order to gain quick and tangible results, he added.

Jiang stressed that China needs scientific and technological progress to improve its industry and management.

"While bringing the guiding role of state planning into play, we should organize capable scientists and technicians to tackle important engineering and technological problems that have an important bearing on the national economy as a whole," he said.

The general secretary said that the technological development and production management system, in which chief engineers run projects under the leadership of directors, should be established or improved in large and medium-sized enterprises.

He also pointed out that China needs scientific and technological workers to develop systematically high technology industries

to upgrade traditional industries.

And the key to developing science and technology is qualified personnel, he said.

For this reason, he added, every step must be taken to create favourable conditions for their work.

"Leaders at all levels should respect them, understand them, protect them and work as their close friends," Jiang said. "We oppose administrative interference in academic freedom or making irresponsible criticism on academic issues."

During the 1989 national

science and technology awards conference, 504 projects were awarded with national scientific and technological progress prizes, 150 with national invention prizes and 123 with "Spark" prizes — a name coined from Mao's quotation: "A single spark can start a prairie fire" — given to those who had helped improve agriculture.

The national awards conference for science and technology has been held twice before in Beijing, in 1982 and 1986. The State Council established the national prizes in science and technology in 1978. □

Yangtze Soil Conservation Project Successful

The water and soil conservation project on the upper reaches of China's longest river, the Changjiang (Yangtze) River, has yielded successful results, according to reports given at a recent water and soil conservation conference.

By the end of last October, 2,190 square kilometres of eroded land had been stabilized, the conference held in Kunming, capital of Yunnan Province, was told. Terraced fields had been built and trees and grass planted on the most seriously eroded land, said Zhang Haoruo, governor of Sichuan Province and director of a water and soil conservation committee on the upper reaches of the river.

The project started in September, 1988 when the water and soil conservation committee was set up by six provinces — Sichuan, Gansu, Shaanxi, Yunnan, Guizhou and Hubei. Several ministries supervised the work. The committee decided to allocate 50 million yuan (more than US\$10 million) annually beginning in 1989 to carry out the project.

From the winter of 1988 to the spring of 1989, the project was launched in 61 counties, where

9.72 million yuan had been raised.

A complete water and soil conservation network was formed at different levels, with specialists at the provincial and county levels. Water and soil conservation stations were set up in towns and villages.

Many county officials handle the water and soil conservation work as an important task. The close co-operation of many participants has contributed to the smooth operation of the project.

These counties have promoted soil-conservation cultivation measures and built a great number of sandbars and other water and soil conservation installations. The year-long efforts have turned many wasted hills green and made many rivers clean on the upper reaches of the Yangtze River.

At the conference, Wei Tingcheng, senior engineer and director of the Changjiang Water Conservancy Committee, dismissed doubts that the Yangtze River would probably become another Huanghe (Yellow River), which contains a tremendous amount of silt. There is so much silt that the riverbed in the lower reaches of the river is above

ground level.

Wei said it is not possible that the Yangtze River will become a hanging river like the Yellow River as they are different from each other in nature.

The silt in the Yellow River is mainly from the loess plateau where the soil is porous and thick. Soil erosion is a very serious problem due to the lack of vegetation. According to statistics, the amount of silt contained in the water of the Yellow River per cubic metre reaches more than 30 kilograms. The river annually discharges an average of 1.68 billion tons of silt.

Compared with the Yellow River, Wei said, the Yangtze has much less silt. Data over 40 years shows that the amount of silt in the Yangtze River remains relatively stable. The average annual amount of silt entering the river is 520 million tons, less than one-third that of the Yellow River.

As the water capacity at the upper reaches of the Yangtze River is 10 times more than the Yellow River, the silt contained in the water per cubic metre is only slightly more than one kilogram.

Wei also noted that the serious silt deposit in the Yellow River is due to the thick grains of sand from the loess plateau, rather than small capacity of water and the reduced velocity of the current in the plain areas of its lower reaches.

But, on the other side, he added, because of the fine sand, large water capacity and quick flow, the major part of the silt is carried to the East China Sea, while the remaining rather thick sand and pebbles deposit in Dongting Lake and other lakes. As lakes can regulate the amount of silt in water, and the deposited silt is constantly being utilized by local people, the discharge of silt relatively balances the deposit, therefore, keeping the riverbed stable, Wei said. □



Wan Li, chairman of the National People's Congress Standing Committee, shakes hands with Li's widow to express his sympathy.

YANG WUMIN

Well-Known Painter Li Keran Mourned

More than 700 people, including some senior Party and state leaders, paid their last respects December 22 to Li Keran, a well-known traditional Chinese painter, an outstanding arts educator and an exemplary representative of the Chinese arts.

Li Keran died on December 6 in Beijing at the age of 82.

From a common family in Xuzhou, in east China's Jiangsu Province, Li began to study painting when he was 13 years old. He later studied and taught at art schools.

After the founding of the People's Republic of China in 1949, Li made every effort to improve traditional Chinese painting. He once travelled more than 5,000 kilometres to sketch moun-

tains and rivers in China, reviving traditional Chinese landscape painting. His works are profound, dignified, deep and vigorous.

Li Keran's paintings are considered an epoch-making milestone in the history of traditional Chinese painting. His artistic style has great and far-reaching influence on Chinese art.

Among the mourners at the Babaoshan Revolutionary Cemetery in Beijing were Chinese Party and government leaders Wan Li, Qiao Shi, Yao Yilin, Li Ruihuan and Wang Zhen.

Wreaths were sent by Li Peng, Li Xiannian, Peng Zhen, Deng Yingchao and other Party and state leaders as well as well-known persons and organizations from China and abroad. □

Looking Towards the 1990s

by Wang Lin

The international trend of turning from confrontation and tension to dialogue and detente and from a bipolar to a multipolar pattern will continue to develop rapidly. The 1990s will be an important decade of preparation and transition. As the world situation changes day by day, new splits and combinations of various forces will appear. The US-Soviet bipolar pattern of strength since World War II will be replaced by a new multipolar balance of world power. The common task of countries is to establish a new international political order on the basis of the Five Principles of Peaceful Coexistence.

The world has entered a new decade — the 1990s. Since the mid-1980s, especially in the last year, a stronger and broader trend has appeared of turning from confrontation and tension to dialogue and detente and from a bipolar system to a multipolar pattern. This has had a strong impact on the world situation. The trend is unprecedented not only in scope and influence but also in variety and complexity. It will progressively change the bipolar pattern of strength since World War II and East-West relations to a new pattern of international relations. The trend will also rapidly develop in the new decade and will extend, perhaps to the next century. So the 1990s will be an important period of preparation and transition. Detente and dialogue will bring the world into a relatively long period of peace, but the process of change will create many unstable factors, challenges and even setbacks. Therefore, it is essential for all nations to strengthen their efforts to maintain peace and security in

the international situation.

US-Soviet Relations Continue to Improve

Under the current situation, the two superpowers will continue discussions, improve their relations and lower the level of the arms race. In light of rapid changes in the world situation, especially in Eastern Europe, Soviet President Mikhail Gorbachev and United States President George Bush met for two days of informal talks on ships in the Mediterranean Sea near Malta in December 1989. The meeting was a prelude to a formal summit between the two leaders to be held in June of this year. Last September, in meetings between the countries' foreign ministers in Wyoming, the Soviet Union made great concessions and agreed to separate strategic weapons from the American "Star Wars" plan, deal separately with questions of sea-based cruise missiles and strategic weapons, and dismantle the Krasnoyarsk radar station. The two sides made great progress in arms control ne-

gotiations including such areas as strategic weapons, conventional forces and chemical weapons. They also agreed to further discuss political settlement of regional conflicts and the improvement of bilateral relations. Such progress, like agreements reached by Gorbachev and former US President Ronald Reagan, shows that both countries need to continue disarmament and detente and improve their relations according to their strategic interests and situations at home and abroad.

The Soviet Union is faced with a grim domestic situation: increased economic difficulties, ever-increasing strike activities, sharp national contradictions, as well as rapid changes in Eastern

Last June 12, US and Soviet military leaders, William Crowe (right) and Mikhail Moiseyev sign an agreement in Moscow on preventing dangerous military activities.



Europe. It needs to break the deadlock in its relations with the United States; strive to reach a disarmament agreement; strengthen economic, scientific and technological co-operation with the West; reduce internal and external problems; and ease international tension so as to win time to concentrate its efforts on resolving pressing domestic economic and political problems.

Although the United States has reduced its budgetary and foreign trade deficits, both deficits remain high. The country runs the risk of having to face new and unexpected problems at any time. Meanwhile, the rapid growth of Japan's economy, the increase of West Germany's strength and the future establishment of a unified market by the European Community in 1992, all have a bearing on the United States. Differences of opinion and clashes over economic policies between the United States and Japan, West Germany and the European Community have been increasing constantly. The Bush administration, pressured internally and externally, is facing a sharply changing situation. In order to win his presidential stripes and gain support from all parties inside the United

States, it is opportune for him to make substantive negotiations with the Soviet Union. Moreover, the Bush administration regards Soviet and Eastern Europe's difficulties arising from their reform policies as a "historical opportunity" to promote "peaceful evolution" in favour of the West.

It is estimated that development of US-Soviet relations will speed up, breakthroughs will be made in negotiations on strategic nuclear weapons cuts, and agreements will be reached on disarmament of conventional weapons in Europe to pave the way for a new summit meeting on European se-

tain their own strategic interests. Although they share a common need in disarmament and détente, profound differences remain. Lowering the level of the arms race will not hamper moves to upgrade weaponry and develop military high technology. The superpowers prefer a political settlement of some regional conflicts, but both countries endeavour to hold influence.

Even though tense US-Soviet relations will be eased, the United States, with its economic, scientific and technological superiority, will continue its efforts in these fields to prevail over the Soviet

The Soviet Union begins to reduce its military presence in the German Democratic Republic on May 14 last year.



Union. But Moscow will not make hasty concessions to Washington. In particular, ideological conflicts will be intensified. The Bush administration has taken its rival's economic and political deterioration as a golden opportunity to carry out its policy of "beyond containment" towards the Soviet Union more boldly than

its predecessors. In fact, while continuing to contain the Soviet Union, Washington is enhancing its measures of "peaceful evolution" and encouraging Moscow to evolve into an "reopen society." Therefore, the White House is forcing the Kremlin to "integrate into the international community."

curity. The two sides will also reach compromises on some regional conflicts and develop bilateral economic and trade relations. Since World War II, the bitter arms race between the United States and the Soviet Union has failed to produce a winner but has placed both countries in danger of destruction and brought heavy economic and political difficulties. Because the two countries have discussed and readjusted their security concepts, arms level and military policies in recent years, it's estimated they will continue to disarm and reduce military burdens at home and abroad.

However, the United States and the Soviet Union will continue to be rivals. They will strive to main-

tain their own strategic interests. Although they share a common need in disarmament and détente, profound differences remain. Lowering the level of the arms race will not hamper moves to upgrade weaponry and develop military high technology. The superpowers prefer a political settlement of some regional conflicts, but both countries endeavour to hold influence.

Even though tense US-Soviet relations will be eased, the United States, with its economic, scientific and technological superiority, will continue its efforts in these fields to prevail over the Soviet Union. But Moscow will not make hasty concessions to Washington. In particular, ideological conflicts will be intensified. The Bush administration has taken its rival's economic and political deterioration as a golden opportunity to carry out its policy of "beyond containment" towards the Soviet Union more boldly than its predecessors. In fact, while continuing to contain the Soviet Union, Washington is enhancing its measures of "peaceful evolution" and encouraging Moscow to evolve into an "reopen society." Therefore, the White House is forcing the Kremlin to "integrate into the international community."

In future, infiltration activities, whether blatant or covert, as well as "peaceful evolution" and "anti-peaceful evolution" activities between the two countries will continue, occasionally reaching dangerous levels. While common needs will help to improve their relations and increase their cooperation, the underlying contradiction remains unresolved and cracks will appear amid their calls



for better relations. It will not be a smooth road for the US-Soviet relations.

Multipolar Trend Continues

A rapidly developing global economy is the most important aspect in the trend to a more multipolar balance of world power. In the 1990s, it is generally believed that Japan, as an economic and financial power, will surpass or at least keep abreast of the United States in many respects. Japan's national assets have exceeded that of the United States and it has become the richest country in the world. Japan's assets per household amount to 28 million yen, surpassing 24 million yen for each American household. In 1989, Japan contributed the most in aid by providing US\$10 billion in development assistance funds, outstripping the United States.

Japan has mapped out programmes to enhance basic scientific research over the next 10 years and is ambitiously catching up with the United States. It has quickened its pace of trade and investment in Southeast Asia as well as transfer of technology to this region, endeavouring to increase its influence in the Asian-Pacific region and establish an East Asian economic rim under its influence.

Meanwhile, the European Community's economy, especially that of West Germany, has developed rapidly with its growth rate close to that of the United States. Its foreign trade volume accounts for one-third of the world's total. West Germany, according to American estimates, ranks third in the world economy after the United States and Japan. Its export volume has surpassed the United States and Japan several years in a row, making it the biggest country in terms of export volume. Efforts to establish a single market by the European Community are making headway. It is reported that after tariff barriers are lifted in 1992, Western Eu-

rope will increase its gross national product by 5 percent; there will be two million extra jobs, and prices will fall by 6 percent. Therefore it will greatly increase its international competitive position.

In coping with these challenges from Japan and the European Community, the United States has signed a free trade agreement with Canada and hopes to invite other countries to participate in order to set up a free trade region under its control. The change reflects the fact that the US role as head of a-world economic alliance has been weakened and will gradually be replaced by an economic triumvirate composed of the United States, Japan and West Germany.

As well, some developing countries will become industrialized and some regional or raw material organizations will play an increasingly important role. With the widening of the economic imbalance, each country will try to maintain its independence, thus further increasing the trend towards a multipolar balance of world power. Under such circumstances, it becomes progressively difficult for the United States and the Soviet Union alone to decide important world matters as they had done in the past.

It is reported that Japan's defence budget for 1990 will exceed 4 trillion yen, a 6.35 percent increase over 1989. Its military spending will rank third in the world, only less than the United States and the Soviet Union. The European Community is increasing its research on weapons and their co-operative production.

According to American news reports, 18 third world countries have ballistic missiles and 15 countries will be capable of making them in the 1990s. Many countries possess or will possess the capacity for making chemical and nuclear weapons, and some nations are currently doing research on biological weapons.

More countries now have sophisticated conventional weapons.

It is apparent that the move to a multipolar world power will take place over a prolonged period, but its development and corresponding influence upon the international situation has stirred concerns and discussion among statesmen and commentators in various countries.

However, it should be noted that the two superpowers will continue to play an important role in world affairs because of their military superiority. The world's bipolar pattern will continue to exist for a long period of time. Whether it's confrontation or dialogue or tension or an easing in their relations, the United States and the Soviet Union will have a great impact on the world situation. On the other hand, the exchanges and co-operation between the East and West, the increasing demand of various countries for independence and self-determination, and the extension of movements aimed at promoting non-alignment, neutrality and nuclear-free zones are all driving the world toward a more multipolar balance of power.

A multipolar world is quite different from a bipolar world. It includes not only developed industrial nations but new industrial countries, as well as integrated groups of different size, strength, influence and functions. Naturally there are confrontations, disputes, competition, co-ordination and co-operation among them. The political and economic influence of Japan and the European Community will expand while the situation in which the United States and Soviet Union dominate the world will change.

The political and economic reforms in the Soviet Union, as well as the problems and difficulties that have cropped up in the course of the reform, have aroused the attention of the world. The Soviet Union's extensive economy and unreasonable production structure, caused by the arms race will

not be improved quickly. The accumulated political, economic, ethnic, democratic and legal problems have become more intense, causing increased economic difficulties, a lack of supplies, repeated strikes and ethnic unrest. As a result, opinions toward Gorbachev's new thinking differ.

Competition Intensifies in High Technology

With the coming of an industrial technological revolution, competition between developed and some developing countries becomes more intense in the high-tech field. Because the development of high technology and its subsequent productivity take time, it is estimated that some breakthroughs will not be achieved until the early years of the next century. Therefore, the 1990s will be an important period of preparation. The development of high technology will greatly expand the productive force, and transform social production lifestyle thereby increasing the comprehensive strength of a state and the competitiveness of its products on the world market. Many countries are making development plans for high technology, increasing investment, establishing research and test bases and training personnel in an attempt to achieve superiority in the high-tech field. However, because the information explosion has linked global economics, trade and production systems no country can go it alone in high-tech development. In the coming years, the world will face a more complicated and changing situation with much competition, many disputes, monopolies and mutual dependence, coordination and co-operation. As a result, each country should interact with others while following a policy of self-reliance in order to promote economic and scientific and technological development.

The development of high technology will also widen the gap between developed and developing countries, thereby creating an in-

stable world situation. The United States, using its superiority in high technology, is trying to overwhelm the Soviet Union and prevent Japan and the European Community from surpassing it in the field. But the United States itself knows it faces a difficult task to stay on top. Japan and the European Community are trying to catch up with the United States; indeed in some fields, they have surpassed or reached the same level as the United States. The Soviet Union is also well aware that it cannot lag behind and is trying to catch. Some developed and developing countries are also trying to keep up and achieve superiority in some high-tech fields. Although most developing countries are making efforts to raise the level of their economic, scientific and technological development, the distance between them and developed countries continues to increase because of their restricted economic and technological level. As the distance between North and South further increases, the task of establishing a new international economic order has become more urgent.

While providing an environment beneficial for third world countries to build, the current easing of world tensions has brought some complicated and difficult elements. In some developing countries, old disputes and contradictions among political parties, the military, ethnic groups and religions are increasing and the demand for higher wages, reduced inflation, improved living conditions and higher prices for raw materials is rising. Some countries are facing heavier debts, increased deficits, reduced foreign exchanges, a worsening social order and an unstable political situation. The territorial, religious, racial, and immigration disputes existing between some neighbouring countries have also increased. Most of the developing countries are in the process of reform and have achieved some results. However, their reform is moving slow-

ly because of a poor economic foundation, large populations and lack of experience. The development of high technology has made rich countries richer and poor countries poorer. Under such conditions, there is the worry that new conflicts will occur within countries or between them. Some old disputes may also be revived. For example, although Soviet troops have been withdrawn from Afghanistan, the continuing civil war has put the country in a worse situation. In Kampuchea, Viet Nam is trying to keep control of the country although the possibility of a political settlement has been raised. Faced with every kind of challenges, third world countries should carry out a policy of self-reliance, and present a united front to overcome difficulties along the road of development.

Detente and dialogue is the main trend of the times, but it does not mean that peace prevails. Some latent crises and contradictions will emerge and some demands which have been overlooked will become known. Some unpredicted elements in international and domestic relations will make situations in parts of the world intense. Generally speaking, the possibility of the outbreak of a full-scale war is small. However, the possibility of regional conflicts and a low-intensity war should not be ruled out. As the level of military confrontation between the United States and the Soviet Union falls, world tension will be reduced. But the race to gain superiority in comprehensive national strength, especially in the fields of economy and technology, and the ideological struggle, especially the one between peaceful evolution and counter-peaceful evolution, will be intensified. The common task of every country is to establish a new international political order on the basis of the Five Principles of Peaceful Coexistence, to promote the cause of preserving peace and to encourage development. □

The Course for China's Reform and Opening

by Wu Shuqing

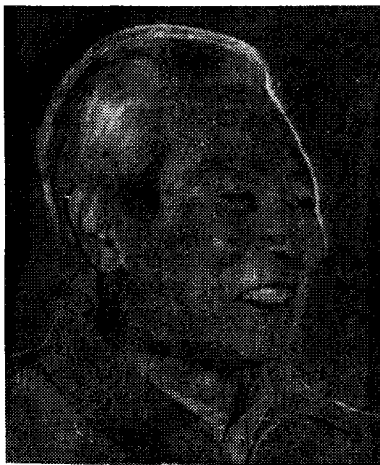
This article explains why China's reform and opening must keep to the socialist orientation in order to perfect the socialist system and prevent capitalist inroads into the country.—Ed.

Since China began implementing the policy of reform and opening up to the outside world in 1978, there have been two diametrically opposed views regarding the orientation of reform and opening.

One is the view of the Chinese Communist Party and the overwhelming majority of the Chinese people represented by Deng Xiaoping, which is that during China's introduction of reform and opening of its door to the outside world, it must adhere to the socialist orientation or the adherence to the socialist road, to the people's democratic dictatorship, to the Communist Party's leadership, and to Marxism-Leninism and Mao Zedong Thought, commonly known as the four cardinal principles. The aim of the policy of reform and opening is thus to improve and develop socialism.

The other view is held by those who obstinately cling to the stand of bourgeois liberalization. Echoing the international forces hostile to socialism, they oppose the four cardinal principles, and propagate "total Westernization" in a vain attempt to lead China on to the capitalist road under the banner of reform and opening, thereby reducing China to a dependency of inter-

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Wu Shuqing

XU XIANGJUN

national capitalism.

These two views have been contended for ten years and it seems that the struggle will continue unabated. It is highly necessary, therefore, to study some of the problems relating to this struggle.

The Aim of Reform and Opening

Over the past few years, people have noticed that those vainly attempting to lead China on to the capitalist road under the banner of reform and opening employ a frequent gimmick. They denigrate those who adhere to the socialist course during reform and opening as "conservatives" and "anti-reform elements" while praising those who abandon or oppose the four car-

dinal principles as "reformists" and "the cream of society." This view once befuddled some who were enthusiastic about reform and opening but lacked political experience and analytical capability. This negative example has taught people the necessity for socialist countries to make clear the essence and aim of reform and opening. Socialist China should uphold the policy of reform and opening because it was formulated after summarizing 30 years of China's experience in national reconstruction and the experiences of other socialist countries. The introduction by socialist countries of the reforms and opening is not because there are inherent and insurmountable defects in their socialist system which, therefore, require fundamental transformation, but instead, because socialism is constantly developing and improving. In accordance with the status quo of the productive forces and the requirements for further development, those parts in the relations of production that are incompatible with the productive forces and those parts in the superstructure that are in conflict with the economic base are readjusted. Socialism is not an isolated system, but rather, a member of the world economic system and so socialist countries need to develop economic and technol-

ogical relations with the various countries around the world.

It is correct, therefore, that socialist countries should implement a policy of opening to the outside world.

What is the essence and aim of these reforms and opening? As mentioned in the foregoing, they are aimed at further improving and developing the socialist system; they are by no means a backsliding into capitalism. The true reformists in the socialist countries will never deviate from the socialist orientation.

It is worth mentioning that some people who practise bourgeois liberalization talk much about how China's economic reform must lead to privatization and how its political restructuring must lead to "pluralism" and "multi-party" politics. In my opinion, this road is closed because it would, instead of leading China to socialist reform, lead the country back to the capitalist system. This, of course, is absolutely unacceptable to the Chinese people.

Argument for 'Privatization' Refuted

While advertising "privatization," the exponents of liberalization have put forward a two-part argument. The first was that the success of developed countries and of newly industrialized countries and regions could be attributed to the system of private ownership. Countries practising public ownership, they argued, were not as developed as countries and regions introducing private ownership; secondly, they argued that only private ownership generated efficiency, which, under the public ownership, was low, because economic development

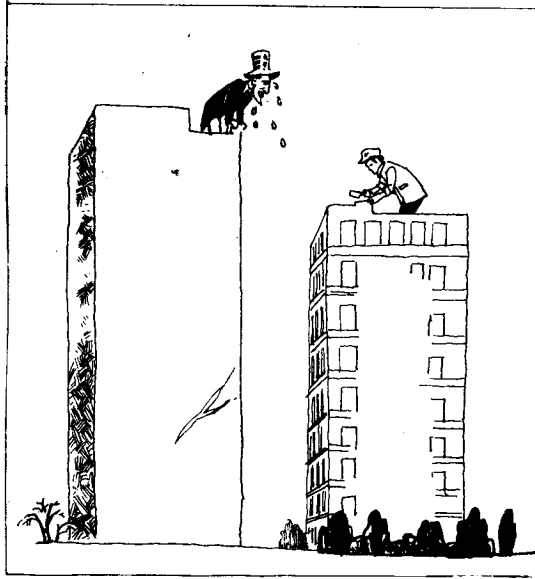
was neglected. These two arguments once captivated some people, but they do not stand up to close scrutiny.

First, judged on the historical basis of the world's development, is it an unvarnished truth that public ownership develops slower than private ownership? It is undeniable that, for a long time, the economies of some countries and regions practising private ownership have developed faster than those with public ownership. But this is not the final word. The overwhelming

China's economic growth and the improvement in its standard of living are not only in sharp contrast to its own past, but can be favourably compared to many other countries. This points out how groundless it is to say that privatization is the only method of economic development.

Today, private ownership is the foundation of the economically developed countries. An analysis reveals, however, that there have been two processes at work: One by the old-line capitalist countries which underwent a course of capitalist development for a period ranging from one hundred to several hundred years; the other by the newly arising industrial countries and regions, such as South Korea, Singapore, Hong Kong and Taiwan, commonly called the "four little dragons."

With regard to the old-line capitalist countries, their long history of economic growth was achieved largely by plunder and exploitation. During the period of rampant colonialism, they plundered colonies, semi-colonies and dependencies of their enormous native wealth. Today, by relying on their economic and technological advantages, on the exchange of unequal value, debt relationship, and on transnational companies and monopoly organizations, they are continuing to exploit underdeveloped countries. Since World War II, the economic gap between the North and South, far from narrowing, has expanded. Precisely because of this inequity, the establishment of a new international economic order and a change in the current irrational international econo-



"Strange. The last time I looked it was such a little building!"

ZHAO REN

majority of developing countries which became independent after World War II followed the road of privatization, while only China and some other countries took the road of public ownership. These countries, after victory in revolution, faced with armed imperialist invasions and blockade and embargo by the West, still managed, overall, much faster economic development than that of countries having private ownership. China's 40-year history of development is, in itself, convincing proof.

day, by relying on their economic and technological advantages, on the exchange of unequal value, debt relationship, and on transnational companies and monopoly organizations, they are continuing to exploit underdeveloped countries. Since World War II, the economic gap between the North and South, far from narrowing, has expanded. Precisely because of this inequity, the establishment of a new international economic order and a change in the current irrational international econo-

mic relationship has become the common demand of all developing countries.

Before their victory in revolution, the existing socialist countries mainly had an underdeveloped capitalist structure, reaching at their peak, the level of a moderate developed capitalist country. Their economic and technological level was far lower than that of the earlier capitalist countries and they do not begin their economic development along the same lines as early capitalism. So, even though they rely on the superiority of their system of public ownership to catch up with developed countries having a history of several hundred years of development, it is impossible to do so in just several decades.

It is, likewise, necessary to make a concrete analysis of the newly emerging industrial countries and regions with favourable conditions for their economic development. They, of course, have experiences which we can learn from. But it is unscientific, based simply on their experience, to conclude that the system of private ownership is superior to the system of public ownership.

China began its industrialization and modernization on a backward economic and cultural foundation. If we had taken the course of private ownership, it would have meant following the capitalist road of primitive accumulation, a road ridden with disasters for the broad masses of the Chinese people. China did not have the historical conditions, as did Europe, America and Japan, conducive for capitalist primitive accumulation. In the cut-throat competition of the world today, moreover, it is no easy task to make a prosperous China. Instead, the result could only be reducing China to a Western capitalist dependency,

placing the Chinese people of all nationalities once again in the position of slaves to both international capital and the exploitative class of China.

The second argument asserts that the system of private ownership is more efficient than the system of public ownership. Proponents of bourgeois liberalization say that only when there exist private means of production will people concern themselves with the correct use and the added value of capital goods. They argue that the system of public ownership turns the means of production into property without an owner and that people all want to benefit from it while showing no concern for its use and added value. If this argument could stand, it could be said that the individual, private system is the most capable of promoting economic developments since only under it can the means of production be truly owned by individuals. In contrast, under the capitalist system, the overwhelming majority of labourers have lost their means of production and become hired slaves. The fact is, however, that the individual, private system was destroyed by the capitalist system and has been reduced to an appendage of the capitalist economy. This economic history indicates that the more production is socialized, the more it is impossible for the means of production to become individually and privately owned. The present form of the capitalist system of ownership has increasingly rid itself of the classical form of individual capitalist ownership by the development of stock companies, monopoly organizations and state monopoly, and family monopolization of economic organizations is fading too.

The view that only private ownership can generate econo-

mic motivation and vigour had long ago been refuted by Marx and Engels. In the *Manifesto of the Communist Party*, which criticizes the bourgeois scholars who held that the society which eliminated private property would become lazy and extinct, Marx and Engels pointed out that, if that was indeed the case, the capitalist society would have long before become extinct because most people had been deprived of their private property and become proletarians without any wealth except their labour power.

In fact, economic forces which act on people are not only limited to property. Today, in capitalist enterprises, particularly large ones, the managers are often not the owners of the enterprise, but are management staff appointed by a board of directors. They concern themselves with the correct application and added value of the means of production not because the enterprise is their private property, but because of other economic and non-economic motives. Hired workers in these enterprises do not work because the enterprises are their private property.

Of course, there are still many defects in the system of public ownership such as the egalitarian practice known as the "big pot" which makes no distinction between those who work hard and those who do not, the fact that some workers lack the sense of being masters of the country, enterprises which assume responsibility only for their profits but not their losses, and less than desirable economic efficiency. These defects need to be eliminated, and the enterprises improved and developed through reform. Conscientious efforts should be made to explore the way by which public ownership can give full play to the superiority of socialism. But under no

1989 IN RETROSPECTS



The Fourth Plenary Session of the 13th CPC Central Committee, held on June 23-24, emphasized the continued implementation of the line, principles and policies formulated at the Third Plenary Session of the 11th Party Central Committee. The session dismissed Zhao Ziyang from his post as Party general secretary for committing serious mistakes and elected Jiang Zemin as the new general secretary. The newly elected Political Bureau's Standing Committee members: (From left to right) Song Ping, Qiao Shi, Jiang Zemin, Li Peng, Yao Yilin and Li Ruihuan.



The Fifth Plenary Session of the 13th Party Central Committee adopted decisions on further improving the economic environment, rectifying economic order and deepening the reform. The session also accepted Deng Xiaoping's request to resign from his post as chairman of the Military Commission of the CPC Central Committee. Deng is a veteran revolutionary who enjoys high prestige throughout the world and is the chief architect of China's political and economic structural reforms. He resigned his post in order to abolish the life-long tenure in leading posts. Deng Xiaoping and Jiang Zemin, the newly elected chairman of the Military Commission of the CPC Central Committee.



On October 1, the whole nation jubilantly celebrated the 40th anniversary of the founding of the People's Republic of China. In the evening, hundreds of thousands of people participated in the festivities on Tiananmen Square.



In July, the Party Central Committee and the State Council made seven decisions regarding the honest performance by cadres in their official duties. One decision requires leaders of the central authorities use Chinese-made cars. Here Yang Shangkun, president of the People's Republic of China, on his way to the Great Hall of the People in an Audi 100 made by Changchun No.1 Automobile Plant.

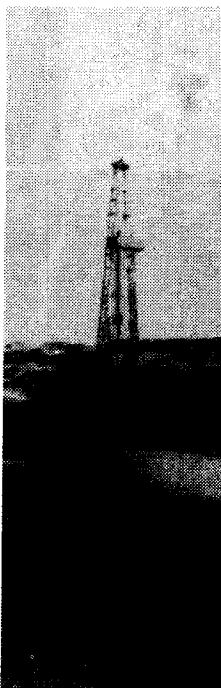
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1989 brought a severe drought and other natural disasters, but the gross output of grain reached 405 billion kg, an improvement over 1988.



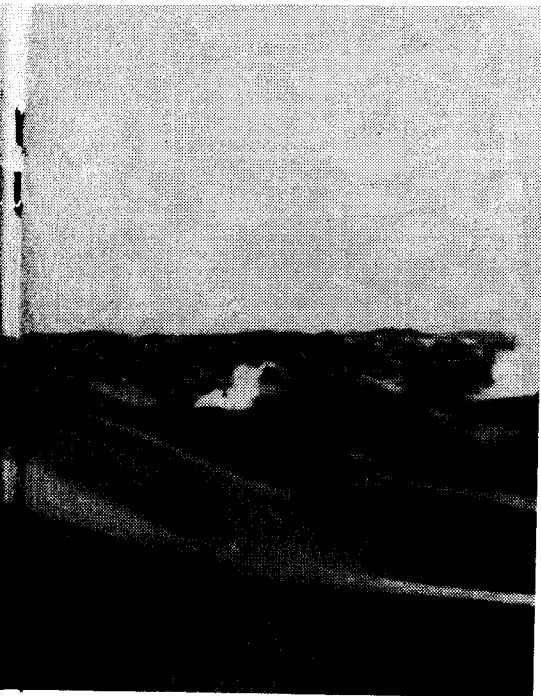
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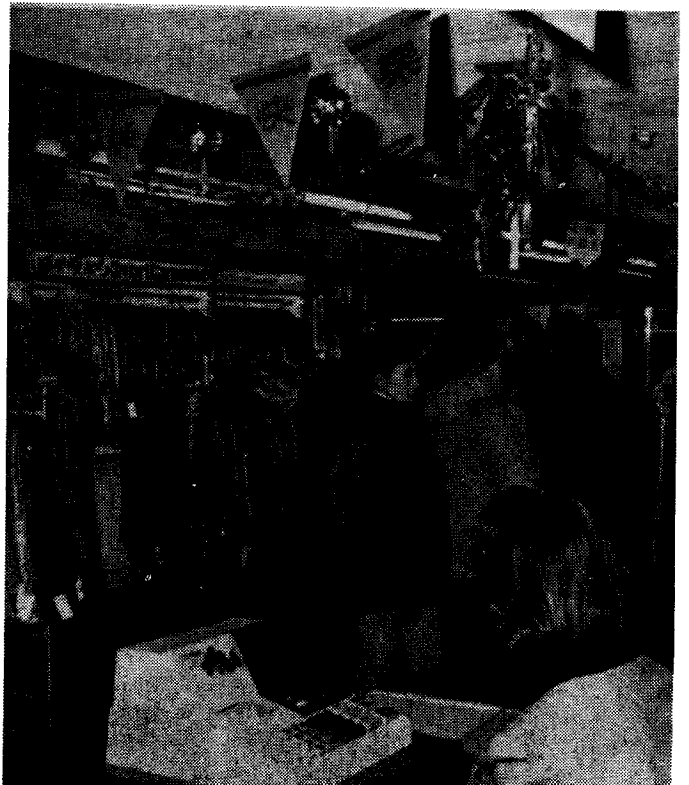


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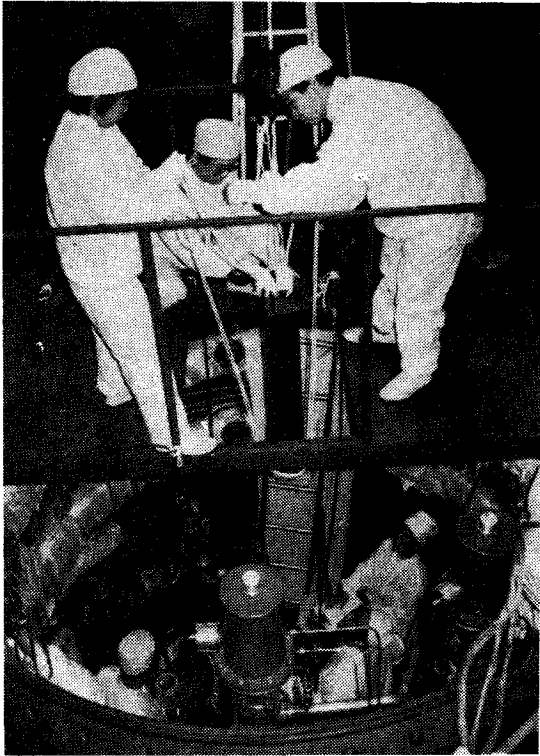


From May 15 to 18, Soviet leader Mikhail Gorbachev visited China for talks with top Chinese leaders. Since then, relations between the two countries and the two Parties have been normalized. Here Deng Xiaoping meet with Mikhail Gorbachev.

The improvement of the economic environment and rectification of the economic order has brought about preliminary progress. Price hikes on China's markets are dramatically lower. In October, inflation was under 10 percent for the first time, a nearly 20 percentage point reduction compared with January. As a result, consumer purchases increased. The stability and prosperity of the consumer market is evident at one area of the Beijing Longfu Department Store.

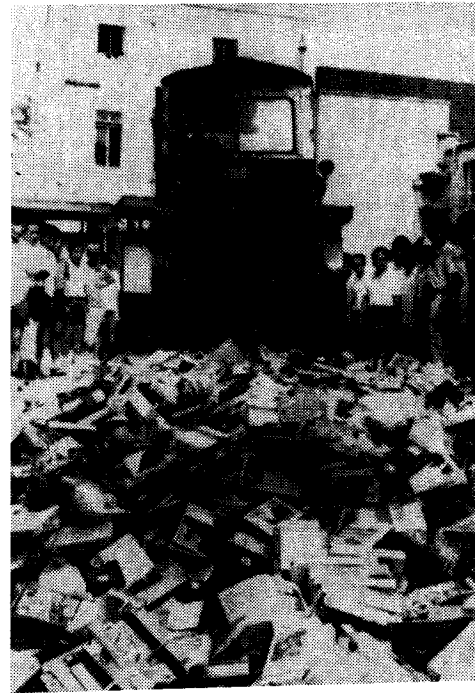
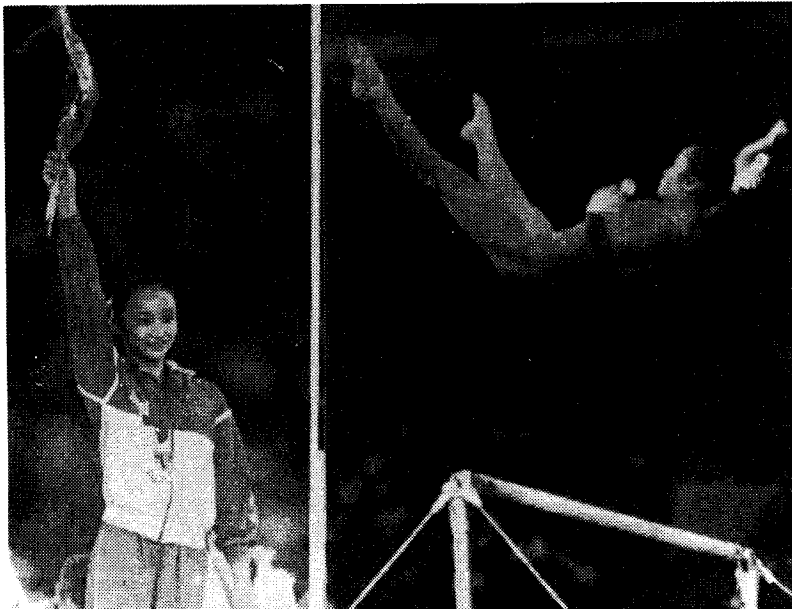


China has made great progress in scientific and technical fields over the past year with some reaching or surpassing international levels. China's first low-temperature, nuclear thermal-supply reactor was successfully put into operation in 1989. Here engineers and technicians of the Nuclear Energy Technology Research Institute of Qinghua University install nuclear fuel cells into the reactor core.



Because of preferential policies and positive investment environment provided by the Chinese government, many foreign entrepreneurs have come to China and successfully established joint ventures and co-operative and exclusively foreign-owned enterprises. The Beijing-National Kinescope Co. Ltd. is an economically efficient Sino-Japanese joint venture. The ribbon-cutting ceremony marked the starting of the company's production.

A large number of Chinese athletes have won honour for the state at international sports competitions. The picture shows Chinese gymnast Fan Di, winner of the uneven bars event at a world gymnastic tournament.



The nationwide "sweeping away pornography campaign" launched in August 1989 has achieved initial results. By the end of September, 30 million copies of pornographic books and magazines, and more than 40,000 obscene record and video tapes were confiscated, and more than 300 locations which published and distributed pornographic publications closed. Here, pornographic and obscene video tapes are destroyed.

circumstances should we move backward, pulling the country back to privatization, a method already tried and discarded.

'Multi-Party System,' 'Political Pluralism' Refuted

The "multi-party system" and "political pluralism" are the models presented by those who advocate bourgeois liberalization, for the reform of the political structure. In their eyes, political restructuring must be modelled on the West's multi-party system and the separation of legislative, executive and judicial powers before political democracy can be achieved. They give two reasons for this. One is that with the development of the various forms of ownership and the commodity economy, there has emerged a diversification of interests in the economic sphere. Different classes, social strata, groups, departments and regions pursue their respective economic benefits. Correspondingly, it is argued, there should be different political factions and parties. This, they assert, is the economic foundation of a multi-party system. The second reason is that only the multi-party system can limit political powers, while under the Chinese Communist Party's *one-party rule* there is no balance of power. Absolute power will inevitably bring autocracy and corruption.

These Arguments Do Not Hold Water

It is necessary to make clear that the so-called "multi-party system" and "political pluralism" does not mean whether political parties and political factions other than the Communist Party are allowed to exist in socialist countries, because, in the eyes of the exponents of such views, the Communist Party-led multi-party co-operative system

and the political consultative system practised in China is not a multi-party system. The intent of the multi-party system which they advocate is that different political parties take turns exercising political rule. Such advocacy thus denies the leading position and role of the Communist Party. The first reason they present actually does not fully prove the necessity of the introduction of a multi-party system, because diversification of interests only calls for the representation of diversified interests by various political forces, parties and organizations instead of letting them take turns exercising political rule. Whether or not the diversification of interests requires that the various political parties exercise rule by rotation is a question concerning the essential difference between socialist modernization and capitalist modernization and calls for a concrete analysis.

The capitalist society is based on the system wherein private ownership has priority and, though there are intricate and complex contradictions between diversified private interests, there is not and cannot be a common social interest that stands above all other interests. The interest of the whole society and the state as advocated by some people in the capitalist world, is, in essence, nothing but the ruling class' own interest. The dif-

ferent political factions and political parties which form as a result of the capitalist society's diversified interest can regulate conflict of interests through the multi-party system. Of course, what is called a multi-party system here is, in essence, still a one-party system of the bourgeoisie because it is still the bourgeoisie which is in control of the



"Perhaps we ought to get out of his way?"

capitalist country. The various bourgeois political parties only represent the interests of different strata and groups within the bourgeoisie.

Although there exists in the socialist system of public ownership a pluralistic relationship of interests, society's overall interest is the foundation upon which various local interests are integrated and developed. Therefore, socialist modernization requires the regulation of the conflict of various interests on the premise of safeguarding

Continued Government Support for Stone

—An interview with Shen Guojun, new president of the Stone Co., China's largest private enterprise

The Beijing Stone Group Co. is China's largest private enterprise. After the counter-revolutionary rebellion in Beijing in June 1989, Wan Runnan, the former chairman of the board and president of the company who was deeply involved in the rebellion, fled abroad. To determine the impact of these events on the future of

the company, *Beijing Review* interviewed Shen Guojun, Stone's new president.

Question: Will Wan Runnan's escape abroad affect the government's attitude towards Stone and endanger its continued operation?

Answer: The Chinese government has made a clear-cut difference in attitude towards the few people who took part in the re-

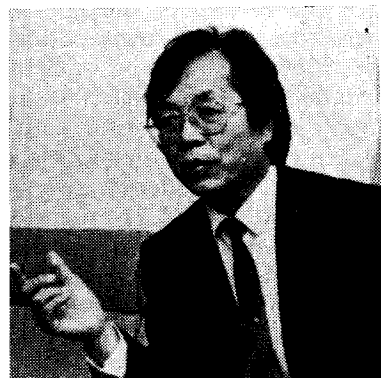
A meeting of the board of directors.

XUE CHAO



billion and towards the enterprise itself. The former should, of course, be responsible for their own behaviour. As for Stone, a legal, economic entity, who pays an annual tax of about one sixth of the total revenue of the Haidian District where the company is located, the government will continue to support its development.

Unlike the private companies



in the West, the property of China's private enterprises falls into the category of a collective ownership in which they may keep more initiative in their own hands than the state-owned enterprises. Stone belongs to neither one individual nor family and its development can not be judged by one individual's behaviour. On August 21, 1989, the Beijing municipal government expressed its hope to see further

society's interest, i.e., the fundamental interest of all Chinese people ensuring their proper placement in the social and economic life of the nation. Short-term interests, then, are subordinate to long-term interests, local interests to overall interests, and individual and collective interests to the state interests. This requires that the political party which leads the socialist modernization should not represent one faction or interest group, but, instead, the common and

fundamental interests of all the Chinese people. This principle is incompatible with the practice of rotating multi-party rule because all political parties represent the common and fundamental interests of all the people, then the existence of different political parties will be out of the question. If each political party represents only a certain local interest, then its rule will inevitably place local interest above the interest of the state. This does not help co-ordinate the

various interest relations under socialism and cannot overcome but, in fact, can only expand the contradiction between diverse interest relations. Multi-party rule is then, a disadvantage to the development of socialist modernization. The political party that genuinely represents the common and fundamental interest of all the people can only be the Communist Party, the vanguard of the working class. This is determined by the historical status and historical

developments of the company.

Q: Some foreign press reports that Wan Runnan has said he holds 50 percent of Stone's stock and half of the board of directors support him; therefore, the decision to relieve him of his post by the board of directors is null and void. Are such reports well-grounded?

A: I don't know whether such reports originated with Wan Runnan. Both Wan and I are founders of Stone. He is fully aware that the company started from scratch with an initial capital loan of 20,000 yuan from a township enterprise. With later bank loans, Stone gradually expanded to a group company with an asset of 87 million yuan (US\$23 million); it earned a profit of 26 million yuan (US\$700,000) during the first nine months of 1989. Up to now, nobody has bought any company stock in any form nor has its property ever divided.

There used to be ten members on the board of directors. Two of them, Wan Runnan included, escaped abroad after the June rebellion. Seven of them are now in Beijing. The decision to remove Wan and two other directors and vice-presidents from office is based on a vote by the seven direc-

tors and is therefore effective and lawful.

By the way, the Stone branches in Hong Kong, the United States and Australia have all reaffirmed their readiness to remain a part of the Beijing Stone Group Co. and to follow its leadership.

Q: Does Wan Runnan have any legal basis in an attempt to establish another Stone abroad?

A certificate of the International Registration of Marks Under the Madrid Agreement. XUE CHAO



STONE

北京四通集团公司
BEIJING STONE GROUP CO.

首批馬德里商標國際注冊申請紀念

A SOUVENIR FOR
THE FIRST BATCH OF APPLICATIONS
FOR THE INTERNATIONAL REGISTRATION OF MARKS
UNDER THE MADRID AGREEMENT
EN SOUVENIR DES PREMIERS DEPOS DE L'ENREGISTREMENT
INTERNATIONAL DES MARQUES DE L'ARRANGEMENT DE MADRID

中華人民共和國

國家工商行政管理局商標局贈

WITH THE COMPLAINTS OF
THE TRADE MARKS OF
THE STATE ADMINISTRATION FOR INDUSTRY AND COMMERCE OF
THE PEOPLE'S REPUBLIC OF CHINA
AVEC LES COMPLAINTEMENTS DES OFFICES DES MARQUES
ADMINISTRATION NATIONALE POUR L'INDUSTRIE ET LE COMMERCE
DE LA REPUBLIQUE POPULAIRE DE CHINE

1989.11
BEIJING, NOVEMBER 1989
BEIJING 1989.11

What's your view about his use of the registered trade mark of Stone?

A: The Stone trade mark is protected by the International Registration of Marks Under the Madrid Agreement and was formally registered in November 1989. Any unauthorized use of it is thereby illegal.

Q: Will the government's present effort to "improve the economic environment and rectify the economic order" affect Stone's status and operation?

A: As a private enterprise, Stone enjoys full independence in its production and management. Unlike the state-owned enterprises whose raw materials are supplied by the state at the market price, Stone's raw material sources and the sale of its products depend in large part on the market situation. The government effort is aimed at doing away with a large number of lawbreaking companies involved in speculation and those which are financially unsound, so as to create chances for all to engage in fair competition. As a creature born out of competition, the Stone Co. has always welcomed competition. The government effort is therefore a good thing for Stone.

mission of the working class and by the nature and principles of the Communist Party.

There does exist, of course, the possibility for any power, not subject to supervision and restriction, to become autocratic and morally corrupt. Methods to restrict concentration of power is not limited to a multi-party system and the separation of legislative, executive and judicial powers. The key lies in the prevention of a handful of people from practising autocracy and

their misuse of power for the private interests of a few people. This problem cannot be effectively solved by a multi-party system. Under the Communist Party's leadership, supervision over the Party is realized through such channels as the people's congress, democratic parties, public organizations, the masses' supervision and the system of a healthy inner-Party democratic life. How to improve the procedures and system of democratic supervision is a ques-

tion which needs examination during political restructuring. This is not, however, the same as negating the Party's leadership.

In short, reform, as both a method and measure for improving and developing the socialist system, must stay on the socialist course. We must not act according to the out-dated capitalist model, or go in for "total Westernization." To do so risks slipping back on to the capitalist road. □

Shoudu Iron & Steel Co. (5)

Self-Development and Self-Restriction

by Yan Kai

The Shoudu Iron and Steel Company's comprehensive contract responsibility system has provided it with a technological turnaround, increased production and increased worker benefits and income by the use of self-generated funds. It, thus, has in place internal procedures for co-ordinating accumulation and expenditures.—Ed.



Since the beginning of reform in 1979, the company's contribution to the state revenue was an average of 1 billion yuan each year, nearly nine times the annual average of the 30 years prior to reform. During the same period, the company made some 100 key technological improvements with its own funds. Investment in fixed assets, of which recently-added 220,000 ton modern equipment made up 60 percent, has reached 3.398 billion yuan. The monthly per-capita income reached 208 yuan in 1988, 3.4 times the 1978 income. From these figures, it's

clear the company has developed into a large, comprehensive enterprise of advanced international level. It concentrates on iron and steel production but also engages in 14 other businesses such as machinery and electronics.

Rational Distribution

The company boom is attributed to the contract system's rational distribution of economic interests, which provides coordinated benefits to the state, the enterprise and the individual. The enterprise thus gains the internal means to develop while retaining restrictions ne-

cessary for proper management. The issuing of excessive bonuses, swelling consumption funds and lack of resources for development in some enterprises which occurred during earlier years do not exist in the Shoudu Iron and Steel Co.

Over the past decade, the annual profits of the company increased at an average rate of 20 percent. After allowing for taxes and interests turned over to the state, the remaining profits were used as funds for production development, employee welfare, wages and bonuses in a propor-

Q: Compared with the board of directors under Wan Runnan, what new management measures has the present board taken?

A: For a long time, there have been disputes concerning the management method between Wan Runnan and other directors. Wan stressed the domestic market for the company's products and paid little attention to the development of new products and the exploration of foreign

markets. During the past two years, his involvement in political activities was widely opposed by Stone's high-ranked managers and technicians.

Stone has made a new decision that it becomes an international enterprise within five years, i.e. by that time, 50 percent of its product turnover should come from overseas markets. Stone will be ready to cooperate with other economically

strong international enterprises and establish ties with their international sales network. Having already co-operated successfully with Japan's Mitsui & Co. Ltd., Stone is now negotiating with a foreign company about the possibility to invest in the development of a two-way, Chinese-foreign languages translation system.

I was Stone's No.2 decision-maker when Wan Runnan was



tion of 6:2:2. The bonuses from the 20 percent figure were tied to both the wage volume and gross profit and paid out at a ratio of 0:8:1, that is to say, the increasing scale of wages and bonuses were always a little lower than the increase in economic returns, and much lower than the increase in development funds. By strictly abiding these ratios, the company ensured that the state interest, the enterprise's development and individual profit both enhanced and balanced each other.

Accumulation and Expenditures

The relationship between accumulation and expenditures had to be handled by distributing post-tax profits of the enterprise in such a way as to control investment and expenditures. The company has not received state allotted funds since the startup of the contract responsibility system in 1979 and so the development of production facilities, the improvement of employee welfare and the increase in worker's income have been entirely dependent on the com-

pany itself. The relationship between savings and expenditures, thus, tends to be one of mutual stimulation, the more funds are accumulated, the more profits are made, and the quicker the increase of the workers' income, the last of which will stimulate the workers to work harder. Therefore, beginning in 1982, the second year after the contract system was put into effect, the company decided to use the post-tax profits for production, welfare and bonuses in the proportion of 6:2:2 instead of the previous 4:3:3, that is, 60 percent of the profits was used for savings, the remaining 40 percent for expenditures. The proportion proved to be correct. Setting aside 60 percent for savings ensured the company's ability to satisfy the demands for technological innovation and expansion, provided a rich material foundation for the enterprise's long-term development, and guaranteed the increase of state interests and improved the workers' standard of living. On the other hand, the 40 percent rate of expenditure and the link between wages and profits encouraged workers to make more profits. The improvement in the worker's living standard was lower, however, than the increase of production. This helped keep a lid on runaway consumption.

here; I had always been in charge of important decision-makings. Wang Anshi, another senior vice-president from the Hong Kong branch, was also in charge of the management and operation. So long as we are still here, Stone will keep going. During the past two years, Wan Runnan seldom bothered with company business. His deep involvement in the June disturbance is the most obvious example. I once

advised him not to get involved in such affairs and to stick to business matters, but he obstinately refused my advice. His present situation is the tragic result of his own personality.

A Biography of Shen Guojun

Shen Guojun was born in Tianjin in 1935. In 1954, he enrolled in the Mathematics Department of Beijing University

and became a teacher at the university upon graduation in 1959. He transferred to the Chinese Academy of Sciences in 1966. In 1984, he and Wan Runnan founded the Beijing Stone Co. and has been its vice-chairman of the board, senior vice-president and chairman of the Stone's Decision Committee. He succeeded Wan Runnan as chairman of the board and president of Stone in July 1989. □

It should be noted that the 20 percent targeted for employee welfare was spent principally for worker housing and formed a part of fixed assets. Therefore, the actual amount used for fixed asset investment was 75 percent of the enterprise's total post-tax profits.

Technical Modernization

The company used self-generated funds to renovate production lines and principal equipment and expand its production capacity. It thus developed a good circulation pool of funds.

The company's investment capacity was steadily strengthened during the ten years of reform and currently, there are 800 million yuan in investment funds. Beginning in 1986, the company invested 600 million yuan of its own funds in major projects and, today, it is capable of designing and constructing an entire large-scale iron and steel enterprise. Between 1986-1988, the average annual investment of fixed assets reached 747 million yuan, 5.4 times that in 1978. The rate

of technical progress in those ten years was 9.44 percent, the use of which generated a 63.78 percent increase in economic returns.

The company's modernization has been innovative; by importing advanced second-hand facilities and renovating main equipment, the company has been brought up to advanced international standards.

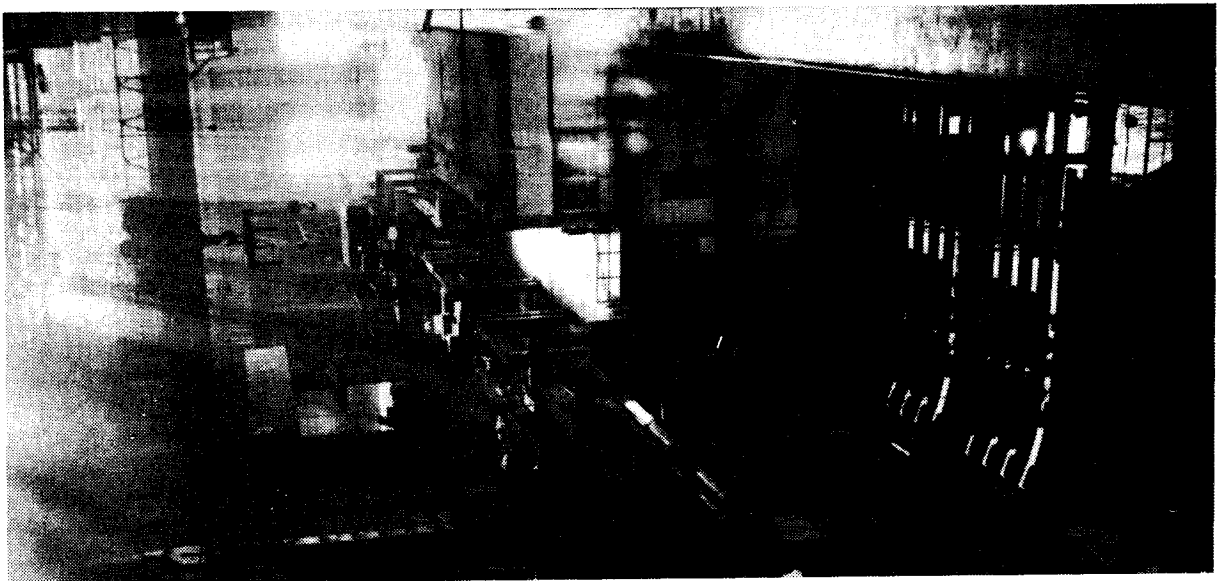
The No.2 Steel Mill was built into a large-scale, modern, converter mill after China imported second-hand facilities, and after the company self-designed, repaired and renovated the existing equipment. The imported steel-making facilities and factory buildings, weighing 49,000 tons, were purchased for US\$12.5 million, almost equal to the price of their weight in scrap iron and steel. The company spent less than two years, beginning in September, 1985, to put the imported facilities into operation. In 1989, the company planned to produce 1.05 million tons of continuous cast ingot, reach a target of a 1 million ton increase in steel products, and

increase profits by 200 million yuan. The gross investment for the mill's construction is 600 million yuan, to be recouped within three years.

Apart from the imported second-hand equipment, the company brought in the then advanced technologies of foreign countries and adapted them to its own needs. For instance, the converter shell and its suspending transmission were patented in the Federal Republic of Germany and not then available in China. In the process of repair and renovation, the company modified it with compound blowing of converter, water-cooled furnace notch, and computerization, realizing the automatic control of the production process. The operation of the No.2 Steel Mill thus, illustrates the technological renovations of second-hand facilities imported from other countries by use of self-generated funds under the contract responsibility system is a shortcut to accelerate the development of China's iron and steel industry. □

The continuous steel ingot-casting machine is the largest and one of the most advanced in the world.

YANG GUODONG



Revitalizing China's Tourism

Although currently bogged down in a temporary slump, China's tourism industry will be revitalized and developed step by step, according to delegates who attended a conference on tourism at the end of November in the Shenzhen Special Economic Zone. The delegates, from China and 19 other countries and regions, expressed confidence that China's tourism industry could be revived.

Since 1978, the policy of reform and opening to the outside world has accelerated the development of tourism in China. In 1988, China received 4.35 million visitors from overseas, an increase of almost six times in 10 years.

But after the June turmoil in Beijing, the number of visitors to China decreased sharply. Compared with June of 1988, there were 64.6 percent fewer overseas visitors to China in June this year.

Since July, staff from the National Tourism Administration, the China International Travel Service, the China Travel Service and the China Youth Travel Service have been sent abroad to promote tourism. They invited foreign counterparts and reporters to come to China to see the country for themselves. Major tourist activities and press conferences were held at noted tourist sites, including the ancient city of Xian, the home of Confucius in Qufu, the hometown of overseas Chinese of Mazu in Fujian Province and Hulun Buir League in Inner Mongolia. During July, the government played host to as many as 188,900 travellers, 22 percent more than in June; in August, 248,800 tourists came, a 31.6 percent hike compared to July. But the overall number of visitors to China from

January to September totalled about 2.43 million, a 26.2 percent decrease from the same period in 1988.

Influenced by distorted Western propaganda, the reduction in the number of tourists coming to China resulted from misunderstanding and suspicion about China's internal situation. After the June incident, Chinese leaders reiterated that China's policy to the outside world remained unchanged. Those who visited China for on-the-spot investigations realized that the political and economic situation in China was stable and orderly, that there was nothing to fear.

China, characterized by its vast, beautiful landscape, many nationalities and long history of civilization, is very attractive to visitors. And new attractions continue to be developed, such as the "Splendid China" scenic spot in Shenzhen and the No. 3 pit of terra-cotta warriors and horses in Xian (only the No. 1 pit had been open previously).

By 1988 China had 1,496 tourist hotels with 220,000 rooms, some of them equipped with state-of-the-art facilities. The Civil Aviation Administration of China has opened up 48 international routes that connect more than 30 countries and 34 Chinese cities and towns. More than 20 cities in China are linked by charter flights to Hong Kong.

In 1989 China introduced new service facilities, such as the new airport, mountain cable cars and more hotels in the Huangshan Mountains near the lower reaches of the Changjiang (Yangtze) River. Fuzhou in the southeastern coastal province of Fujian opened an air route to Wuyi Mountain, a famous scenic spot in the western part of the province. A new airport is being built

in Chongqing, Sichuan Province, that should avoid the fog problems that plagued the previous one. Tianchi, at the top of Changbai Mountain on the Chinese-Korean border, is now open to visitors. These facilities make it more convenient than ever for tourists to see China.

China has about 1.5 million workers in the tourism industry, two new tourism schools of higher learning, more than 40 ordinary institutes that offer tourism curriculum and more than 230 special secondary schools.

Because some facilities are badly managed and give poor service, visitors can leave China disappointed and dissatisfied. Now these faults are being eliminated. In 1988, Guangzhou was the first city to use star classes to standardize the classification of hotels, a system that had spread to ten cities in 1989. A total of 153 hotels have now been classified in this way. The system has led to remarkable improvements in the quality of management and service in hotels and it will gradually be put into practice throughout China.

In 1988, a special examination to test the ability of tourist guides was held in Shanghai and Zhejiang. This, too, has spread to the rest of the country. It is estimated that after the examination about 30 percent of the guides will be dismissed. Those who fail will not be rehired unless they are retrained and pass the examination. This will, no doubt, help to improve the quality of tourist guides.

In the autumn of 1990, when the 11th Asian Games are held in Beijing, some foreign organizations will arrange for large tourist groups to visit China. Therefore, it is forecast that the number of tourists coming to China in 1990 will surpass that of 1989.

by Dai Yannian

Beijingers' Average Life-Span Increased

BEIJING RIBAO
(Beijing Daily)

Beijingers are living longer. Their average life-span has increased to 72.83 years from 50 years in 1949, when the People's Republic of China was founded.

Four decades ago, such life-threatening infectious diseases as cholera, smallpox and diphtheria ran rampant in China's capital.

After the founding of New

China, the government adopted a series of measures to improve public medical services, build hospitals, and prevent and treat diseases. It also set up a system to prevent the spread of disease, aimed at dealing with contagious diseases peculiar to certain areas and chronic and acute diseases. By adopting these measures, setting up an information network, and early diagnosis, the Beijing people's power to resist infectious diseases has

increased and the incidence of disease has dropped considerably. The mortality rate in Beijing fell to 6.08 per thousand from 14.1 per thousand in 1949. The infant mortality rate also dropped to 11.71 per thousand from 117.55 per thousand in 1949. Death from infectious diseases is now the eighth-ranking cause of death in Beijing. In the 1950s, infectious diseases were the leading cause of death.

Today, Beijing has a total of 4,342 medical and hygiene institutions, 71 times more than in 1949. The institutions are equipped with 53,078 beds or 18 times more than in 1949, and staffed with 105,237 hygiene technicians or 25 times more than four decades ago. Hospitals are scattered throughout rural and urban areas of Beijing.

(September 16, 1989)

Return of the 'Red Caps'

WENXUEBAO
(Literature News)

In 1988, porters or "red caps" reappeared in China after a 40-year absence, thanks to Communist Party General Secretary Jiang Zemin.

Before the founding of the People's Republic of China in 1949, porters were known as "red caps" because of the red caps they wore and they were a common sight at the nation's railway stations.

The story of their reappearance in China begins on a day in 1988 at the Shanghai Railway Station.

Lin Huishi, a member of the Chinese People's Political Consultative Conference representing Hong Kong and Macao, arrived at the railway station and was met by a leader of local department concerned. While they greeted each other, some young people dressed in Western-style suits suddenly ap-

peared and quietly carried away Lin's suitcases. Both thought the young people were employed by the other. However, as they were about to leave, the young people approached Mr Lin and demanded 40 yuan for carrying the luggage. Quite surprised, the two officials bargained with the young people, and eventually Lin paid them 20 yuan for their services.

Their encounter with the young people was related to Jiang Zemin, who immediately phoned the head of the railway station and asked that the problem of transporting luggage be resolved.

"I remember there were porters who wore red caps before liberation," Jiang told the official. "Their services were convenient for passengers, and railway stations in New China

Urban Residents Spending More Rationally

JINGJI RIBAO
(Economic Daily)

A recent survey has found that the lifestyle of the urban Chinese has become more compatible with the national economy, and consumer spending habits have become more rational following the cooling down of a buying spree. The survey, conducted by the State Statistical Bureau, covered more than 30,000 households in cities and towns.

In the past couple of years, urban residents have been spending faster than their income will allow. In 1988, the figure reached

24.8 percent, or 2.6 percentage points higher than residents' income growth rate. The phenomenon was reaching serious proportions. But thanks to the government's effort to rectify and readjust the economy, the consumer spending spree seen in the second quarter of 1988 gradually abated. In the first nine months of 1989, the income growth rate of urban residents was 17 percent, 4.3 percentage points higher than the cost of living. With the end of the buying spree, their incomes and expenses have become more equal.

The downturn in consumer

spending over the past nine months has been reflected by a change in urban residents' spending habits. In the third quarter of 1988 people rushed to buy goods which they thought would increase in value. As a result, the proportion of their income spent on food fell to 48.3 percent. It returned to 56.7 percent in the third quarter of this year, indicating that the purchase volume of non-food items has dropped sharply.

The survey also found that the per-capita cost of living in cities and towns over the past nine months averaged 100 yuan a month. Taking into account regular price increases, the cost of living dropped 6.8 percent during this period. In the third quarter of 1988, it had reached 15.7 percent. The cost of food, clothing and articles of daily use have also dropped. This phenomenon is rational after last year's buying frenzy.

(November 18, 1989)

should have 'red caps' too."

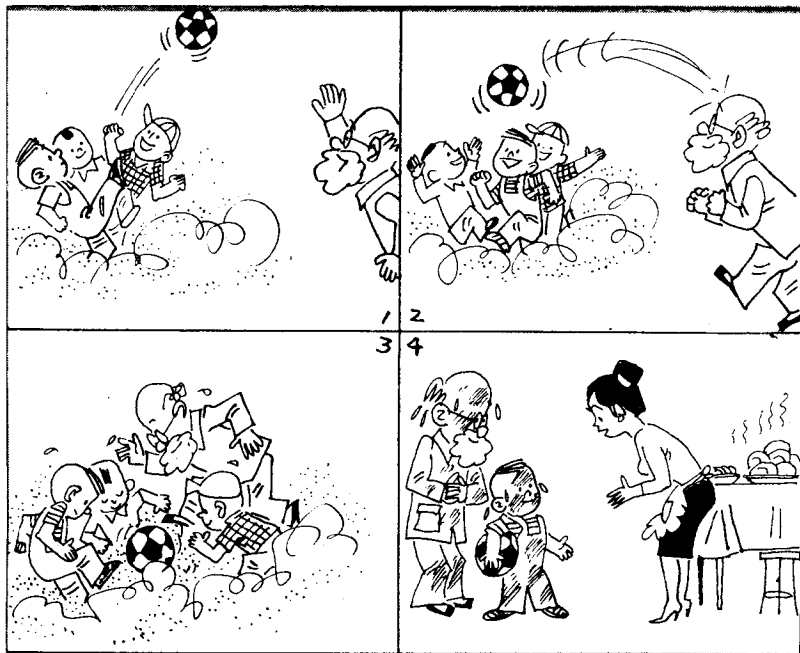
On December 1, 1988, 20 retired workers formed a "red cap" team to transport luggage. A week later, Jiang visited the railway platform where the "red caps" worked and asked after their ages and the intensity of the job. He told them their uniform was meaningful.

He then looked at the wheelbarrow used to transport luggage and saw that each carries a sign saying "One yuan per luggage for foreigners, 50 fen for, Chinese."

Jiang turned to the "red caps" and said, "The old and the young should not be bullied. People in China and from abroad are the same. Therefore, everybody should pay one yuan."

As he left, he said, "I will come to see you again."

(October 5, 1989)



Chinese Trade Marks Have International Registration

Since China joined the Madrid Agreement on Trade Mark International Registration in October 1989, China's first batch of eight trade names for six enterprises have applied for international registration, and 59 trade names from 12 countries have applied for extension of their territorial protection to China.

The agreement is the first industrial property right protection organization China has ever joined. China's applicants for international registration include such trade names as the "Tongrentang" of the Beijing Crude Drug Co., the "Zhangguang 101" of the Beijing Zhangguang Hair Tonic Factory and the "Stone" of the Beijing Stone Co. To date, 12 Madrid Agreement members from the Federal Republic of Germany, Switzerland, France, Austria and Spain have applied for extension of their territorial protection to China.

According to Gan Guoping, deputy director of the State Administration for Industry and Commerce, more than 2,000 of over 5,000 trade names used by

China for exports have been internationally registered. Some famous Chinese trade names, however, were first registered by foreign countries. As a result, Chinese products encountered difficult sales on the international market. China's participation of the Madrid Agreement will play a positive role in protecting the interests and rights of its producers, providing convenience to international registration of Chinese trade marks and promoting foreign trade.

Under the the Madrid Agreement, wholly foreign-owned enterprises, Sino-foreign joint ventures and Sino-foreign cooperative enterprises and Taiwan and overseas Chinese compatriots may apply for the trade mark international registration through the State Administration for Industry and Commerce. Foreign enterprises and businessmen are welcome to apply for the extension of territorial protection of their trade marks to China.

by Li Ming

World Bank Grants Loans To Tianjin on Schedule

An agreement to provide US\$150 million in loans to the Tianjin branch of the Investment Bank of China (IBC) by the World Bank, signed by China and the World Bank on September 8, 1989, took effect on December 8.

This is the first of its kind the World Bank has provided to China for import of technology and equipment to update Tianjin's dyeing, printing and packaging industries. The loans will be used for a dozen or so scien-

tific research, design and training projects and 15 other productive ventures. The Tianjin municipal government has entrusted the IBC Tianjin branch to deal with drawing, payment and account settling of the 20-year loans.

At present, the government departments concerned in Tianjin are making preparation to send representatives abroad to conduct an inspection so as to speed up the construction and production of these projects. These pro-

jects, when completed within two or three years, will see their annual output value increase by 610 million yuan, profits and taxes to be delivered to the state rise by 52.79 million yuan and foreign exchange earnings by US\$15 million.

According to Li Boming, president of the IBC Tianjin branch, since 1981 his branch has invested US\$90 million provided by the World Bank and 170 million yuan for the construction of 56 projects notably in textiles, electronics, medicine, machinery and chemicals. By the end of November 1989, some 41 projects had been put into operation and brought good economic returns. □

Chia Tai Group to Invest US\$1 Billion in China

The Chia Tai Group of Thailand will invest US\$1 billion in China for petrochemical and automotive industries during China's second 10-year development plan period, disclosed by Chia Tai President Dhanin Chearavanout in mid-December 1989 in Beijing.

He said that China's automobiles sell well in the Taiwan and Southeast Asian markets. The Chia Tai Group has already imported 20 China-made cars to Thailand and has built a large all-inclusive petrochemical complex in an area of more than 10,000 square metres.

He also said that it was a good time to invest in producing export items on China's mainland. Because of the tightened money supply in China has reached a peak and begun to ease, it will be easier to start up new development in the next two to three years.

The Chia Tai Group is Thailand's largest international cor-

poration and one of the world's largest agricultural enterprise groups. The group's targeted investment items in China include products that China cannot produce, or produced in low quantity, products not in competition with China's industries and products not in conflict with China's export quotas. At present these items are not for the domestic market but are geared for the world market; they are developed by using China's natural resources and labour power and by importing capital and technology.

The group's first investment in China was in 1979 in a fodder and special breed poultry farm. Since then, it has invested in 28 joint ventures in over 10 provinces and cities. Of these, six projects with a total investment of US\$100 million went into operation between the spring and summer 1989. □

Co-operation in Sichuan Province

Ma Lin, deputy governor of Sichuan Province, announced in mid-December in Beijing that his province offers preferential policies and measures to encourage both home and foreign investment in the development of hydro-electric power of its three rivers (Jinsha, Yalong and Dadu).

He said that his province has already had an installed capacity of 91.66 million kw, generating 515.3 billion kwh annually, the highest for average Chinese province. The province's hydro-electric resources are based in three rivers with potential equal to the combined total of 15 provinces and municipalities northeast China, east China and south China. If calculated on an average square kilometre, the potential is two times the water

Co-operative Production of Detectors

The Baoying County Vibrator Factory in Jiangsu Province specializes in production of vibration testing and diagnostic instruments. Besides a strong technical force, the factory is well-equipped with universal machine tools and test instrument and it is able to produce 3,000 pieces of detectors annually. Foreign businessmen are invited to co-operate in the following projects: an annual production capacity of 1 million monitors and fault diagnostic instruments; 1 million base-stake detectors and underground pipe leakage detectors, and 50,000 high-efficient energy-saving electromagnetic ovens. Forms of co-operation include joint venture management, co-operative production and compensatory trade.

* * *

Co-process Pie Sets

The China Nanjing Electron Tube Factory, directly under the Zhongshan Group Co., is a large electronic equipment producer. It has more than 1,000 pieces of equipment, nearly 1,000 technicians and senior engineers. In addition, the factory also produces automatic washing machines valued at 40 million-45 million yuan annually. We are willing to co-operate with foreign companies to manufacture die sets through cold punching, heat plastic moulding and cold forging. Form of co-operation may be compensatory trade and co-operative production.

* * *

Joint Investors for Alloy Wire

The China Shenyang Alloy Factory mainly produces thermocouples, electric double wire, compensated wire, assistance wire and alloy wire. The factory has an area of 19,000 square metres, and a strong technological base. We are willing to co-operate with foreign companies to produce pure nickel wire, electric heating alloy, thermocouples and compensation wire. Total investment will be around US\$3 million, US\$1.2 million of which will originate from the Chinese side. The remaining foreign-based investment can be in equipment and technology. Foreign partner should be responsible for marketing part of the products.

* * *

Contact: the Information Department of the Foreign Co-operation and Co-ordination Centre of The China National Small and Medium-Sized Enterprises

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energy of Switzerland. In addition, the three river areas abound with mineral, geological and tourist resources.

For foreign investors, Sichuan will make available the option of joint-venture management and compensatory trade. For example, the province can afford to clear its foreign exchange debts

with its rich mineral resources, silkworm cocoon, mineral products, iron alloy, aluminum alloy and power. For home investors, the province can afford to repay the investment in ten years after the first generating set puts into production. During the period of co-operation, the province guarantees partners' interests and share with possible risks. □

Australopithecus Skull Discovered

A 2-million-year-old skull belonging to australopithecus, an ancient human ancestor, has been discovered in central China's Hubei Province.

The discovery, made last May, marked the first time that australopithecus remains had been found outside of Africa, thus calling into question the theory that Africa was the only cradle of humanity.

The skull, the most intact australopithecus skull yet found, was uncovered in Hubei's Yunxian County on the upper reaches of the Hanshui, a tributary of the Changjiang (Yangtze) River.

The skull was examined

and repaired by experts from the Beijing Institute of Vertebrate Paleontology and Anthropology, where the maxilla (upper jaw) and hard palate

are now on display.

Jia Lanpo and other scholars determined that the skull belonged to the australopithecus family and was from 1 million to 2 million years old.

Anthropologists now believe

Left: Li Tianyuan, an archaeologist from Hubei Province; upper right: Australopithecus skull fossil; and lower right: maxilla (upper jaw) of the skull.



The 2nd International Wujiao Acrobatics Festival

The differences between Chinese and foreign acrobatics were clearly displayed at the six-day Second International Wujiao Acrobatics Festival that ended November 6 in Shijiazhuang, capital of Hebei Province.

Chinese acrobats presented their difficult movements in a calm and polished manner while the foreign performers were more overtly dramatic. A good example of the foreign approach was the programme of aerial performances put on by the National Circus of the Soviet Union.

In one of them, a flock of pigeons flew into the air to the sound of music while a female acrobat dressed in white per-

formed on a swing high above the floor. The overall graceful effect helped this act to win the festival's silver Lion Award.

The Golden Lion Awards, top prize at the festival, were won by the Hebei Acrobatics Troupe's performance of *Group Martial Arts* and a Bulgarian troupe's *Big Springboard*.

The festival, held every two years, featured 23 Chinese and foreign acrobatics companies, which performed 32 programmes. The programmes were divided into two groups, one for competition and the other for performance. A panel of experts from China, Norway, the Soviet Union, Bulgaria and Japan judged the competition.

Another swing programme was performed by Chen Limei from the Pioneer Acrobatics Troupe of Liaoning Province, which looked risky and difficult. It had won the Silver Lion Award at the Second China Acrobatics Competition in 1987.

Comic Music presented by Danish jugglers was full of wits and trickery, making the audience burst into roaring laughter. This programme and *Magic* performed by Zhang Huiming from Thailand, won special prizes.

The festival displayed the great progress made by promising young acrobats, who guarantee a bright future for world acrobatics. He Jia, a seven-year-old girl from the Nanjing Acrobatic Troupe, surprised the audience with her difficult movements and hair-raising balancing ability in performing a programme

that the human species has evolved through four stages over the past 10 million years, from ramapithecus to australopithecus to homo erectus to homo sapiens.

The first discovery of australopithecus was made in 1924 in South Africa. More than 350 australopithecus fossils have since been recovered on the continent, leading to the theory that early man evolved in Africa.

The Hubei discovery puts that theory into doubt, providing proof that australopithecus was present in Asia up to 2 million years ago.

The previous most significant paleontological discovery in China was that of Peking Man in 1927. Peking Man, who lived up to 500,000 years ago, was an example of homo erectus, a more advanced creature than australopithecus. □

'Thunderstorm' Recaptures Beijing Audience

To mark the 55th anniversary of *Thunderstorm*, the masterpiece of renowned Chinese playwright Cao Yu, the Beijing People's Art Theatre recently mounted a rendition of the play.

Thunderstorm features a complicated plot, sharply drawn characters and a high level of literary accomplishment. With its profound, tragic plot and deep philosophical explorations, the play has long been considered to be one of the most influential of the realistic classics.

Thunderstorm has not only won the love of thousands of audiences but has also tempered several generations of actors and actresses. Together with Lao She's *Tea House* and Guo Mo-

ro's *Cai Wenji*, *Thunderstorm*, a fixture in the theatre's repertoire, has been performed more than 300 times.

The story is set during a summer day in the late 1920s. Zhou Puyuan, president of a coal mining company, has for many years kept his young wife in seclusion and treats her with heartless cruelty. The wife, Fan Yi by name, falls in love with Zhou Ping, her step son. But he later has an affair with Si Feng, the pretty, innocent maid of the house, who becomes pregnant. Zhou Chong, the second son of the Zhou family, also loves Si Feng.

Driven by a desire to win back Zhou Ping's affections Fan Yi asks Si Feng's mother, Lu Shiping, to take Si Feng home. But

called *Pagoda of Bowls*. This programme had won the gold medal at the Future Cup Acrobatics Competition in 1988. In 1989 it also won the President Prize at the Third Future Acrobatics Competition in France.

Acrobatics has a history of more than 2,000 years in China, where it has been an art of the common people with close relations to their daily life. Most of the acrobats had to roam far from home in order to earn a living. Because they were poor, they had no other props but tables, chairs, benches, bowls, jars and ropes. These gave their performances a typical national character.

The International Wuqiao Acrobatics Festival is named after Wuqiao County, Hebei Province, home of Chinese acrobatics. The people of Wuqiao have

a special love for acrobatics, which has become a part of their everyday life. On hillsides, threshing grounds and courtyards people can be seen playing various tricks. You may see a boy return home from shopping with a bottle of oil or sauce balanced upside-down on a little finger or with an umbrella standing on his nose. In the acrobatics troupes of many countries you may meet performers who are natives of Wuqiao County, and 90 percent of the acrobatics companies in China have members of Wuqiao origin.

Wuqiao acrobats have toured many parts of the world. In 1910 Sun Fengming and Sun Fengshan set up the Beijing Circus in the United States and visited many countries in North America, Europe and Asia. The development of international communications in recent years has

offered Chinese and foreign acrobats chances to learn from each other.

In 1982 Chinese acrobats took part in the annual Tomorrow International Acrobatics Festival held in Paris and won the President Prize, which they won again every year until 1986. Foreign acrobatics troupes also came to China on cultural exchanges. Chinese influence was evident in the Bulgarian performance of Big Springboard.

During the festival, the Second Drama and Opera Festival of Hebei Province and the Foreign Economic Negotiation Conference of Hebei Province were also held, giving Shijiazhuang a festival air. The sponsors hope that Shijiazhuang might become the world's third major centre for acrobatics competitions, following Paris and Morocco.

by Lou Linwei

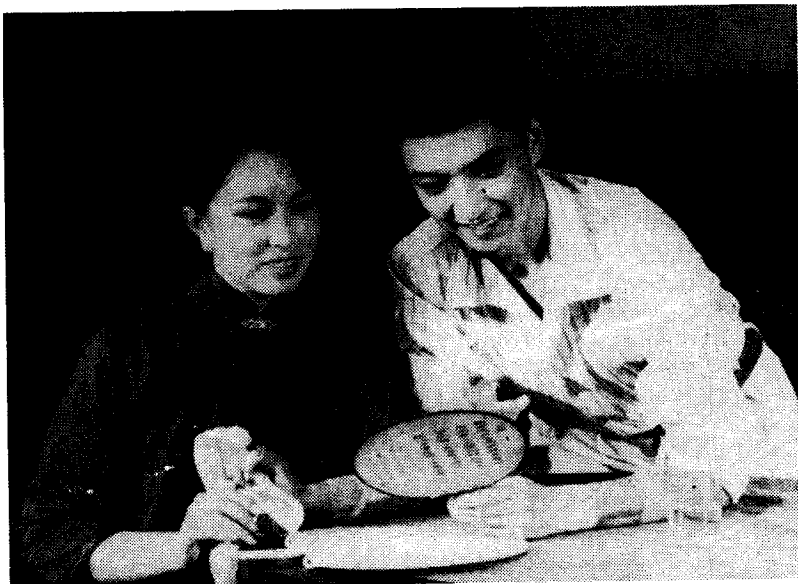
when Lu Shiping arrives, she finds that Zhou Puyuan is the same man who married and deserted her 30 years ago. Zhou Ping and Si Feng, who are deeply in love, are step brother and sister. During the heavy thunderstorm that breaks after she learns the truth, Si Feng commits suicide by grasping a live electric wire. Zhou Chong dies while trying to save her. Zhou Ping then kills himself with a pistol.

Through the complicated relationships of the characters and the portrayal of love and hate over two generations, *Thunderstorm* revealed one side of the reality of the 1920s China.

Thirty five years ago, when the Beijing People's Art Theatre first staged *Thunderstorm*, many people slept on the sidewalk overnight in order to buy tickets. *Thunderstorm* ran for more than 100 nights and its success played an important role in the theatre's effort to establish a realistic style. Actors such as Zheng Rong, Zhu Lin, Hu Zongwen, Su Min, Yu Shizhi and Dong Xingjie became well-known because of their roles in the successful play.

As one of the best modern Chinese plays, *Thunderstorm* also became popular overseas. It has been staged in Japan, the Democratic People's Republic of Korea, Viet Nam, Taiwan, the Soviet Union, Hungary, Romania, Czechoslovakia, and the United States. At the end of 1987, Chinese director Xia Chun was invited to Singapore to help with a production of *Thunderstorm*. This was the third time the play had been performed in Singapore. The production was extremely successful and praised as a milestone in the history of Singapore drama.

Cao Yu, the playwright, was born as Wan Jiabao to the fami-



Fan Yi (played by Gong Lijun) and her step son Zhou Chong (played by Gao Dongping) in "Thunderstorm."
SU DEXIN

ly of a feudal warlord in Hubei Province in 1910. His mother died three days after his birth and Cao Yu endured a lonely childhood. But he was clever and entered the prestigious Nankai University in Tianjin at the age of 18. From that year on, Cao began to translate foreign plays into Chinese.

In 1930 he transferred to Qinghua University in Beijing where he completed his first play, *Thunderstorm*. He went on to write plays such as *The Sunrise*, *Beijingers* and *Wilderness*. Cao Yu's main dramatic works written after the founding of New China include *Bright Day*, *Courage and Sword* and *Wang Zhaojun*. *Thunderstorm*, *The Sunrise* and *Beijingers*, however, remain the most successful and best known. These three works exposed and criticized the remnants of feudalism in old China by describing the life of the urban upper classes. *Thunderstorm* not only signalled the emergence of a great dramatist but also showed that Chinese drama had come of age.

Cao Yu is now chairman of the All-China Federation of Lit-

erary and Art Circles, chairman of the China Dramatists' Association and director of the Beijing People's Art Theatre.

Before liberation, many companies had performed *Thunderstorm* but most put their emphasis on the plot. Veteran director Xia Chun, however, has paid more attention to developing the characters and drawing out the philosophical meaning of the play since he first directed it in 1954. In the latest production Xia displayed new understanding of the characters, emphasizing their feelings and inner nature. The sets and special effects, such as raging thunder and lightning during the storm, all added to the tragic tone of the play.

The old generation of actors and actresses who once were identified with the play have retired. Xia Chun, himself 71, boldly used young actors and actresses in the new production. As shown by the box-office receipts and the reaction of the audience, *Thunderstorm* remains popular with today's audiences.

by Liu Zhangchun



The Egret and Lotus flower.

ART PAGE



A Lion.



A Crane.

Papercuts by Qi Xiumei

Qi Xiumei was born in Zhenyuan County, Gansu Province in 1921. A rural woman, she has been influenced by folk papercut art ever since her childhood and has grown up to become an expert at papercut. Her exaggerated form and decorative bold lined papercuts mark her unique style.

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WE ARE CREATING AN IMAGE—THE REFORMER,*



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