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**A MILESTONE
FOR THE IRON
AND STEEL
INDUSTRY**

**An Assessment of
China's Economy**

Local Flavour of Dai Nationality

The people of Dai nationality with a population of 830,000 mainly live in the southern part of China's Yunnan Province. With its subtropical climate, rich rainfall, dense forest and fertile land, it has won the reputation of the "Kingdom of Plants." The Dai nationality has a long history and a unique national culture.



Mother and son of Jinghong County of Xishuangbanna, Yunnan Province.

Photo by Song Guomin



Spring comes to a village of Dai nationality

Photo by Yun Xin



How Is China's Economic Performance?

□ Statistics published by the State Statistics Bureau are helpful in analysing the current state of China's economy. They show that, as a result of China's retrenchment policy over the past year, the economy has taken a turn for the better. This year, China will continue to implement the policy so that remaining problems can be addressed (p. 4).

Role of 'World Policeman' Self-Assumed

□ To rebut the charges against China made by the United States in its "human rights" report, a *People's Daily* commentary points out that Washington's malicious attack on China is intended to bring China to its knees by exerting pressure on it (p. 9).

China Produces Over 60 million Tons of Steel

□ Despite tighter credit and a short supply of coal and energy, China's steel industry did well in 1989. An output of 61.32 million tons made China the fourth largest steel maker in the world behind the Soviet Union, Japan and the United States (p. 18).

Heroines of China Honoured

□ Two young women, Yang Dalan and Pan Xinglan, have become household names throughout China for their bravery in fighting two bank robbers. Yang was stabbed to death and Pan had her ear cut off. The Chinese people, greatly moved by the young women's courage, pledge to follow their good examples (p. 6).

Ringling in the Tibetan New Year.

□ Tens of thousands of Tibetans thronged at the Jokhang Monastery in Lhasa on their ethnic New Year's Day to pay their respects to Sakyamuni, the founder of Buddhism. Tibet's New Year's Day fell on February 26 according to the Tibetan calendar. In the past year, the region's economy has seen considerable development and the local people's standard of living has improved steadily. A record harvest of grain was also reaped (p. 5).

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COVER: The Steel works affiliated to the Wuhan Iron and Steel Company.

Photo by Wang Hongxun

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How Is China's Economy?

by Yao Jianguo

The views abroad on the state of China's economy are quite varied; some analysts say that the country has slid into a depression while others contend that with inflation curbed and the overheated economy cooled the prospects for the economy are bright.

What, then, is the correct assessment of China's current economic situation? One reliable basis for analysis is the statistical communique of China's 1989 economic and social development recently published by the State Statistical Bureau.

In 1989, China's gross national product (GNP) amounted to 1,567.7 billion yuan, a 3.9 percent increase, or 7.3 percentage points less than the 1988 growth rate of 11.2 percent. Of this total, the value of industrial output rose 8.3 percent, 12.5 percentage points less than the 1988 growth rate of 20.8 percent. Do statistics such as these indicate that the economy has taken a turn for the worse? Not necessarily.

There is no doubt that a series of problems which began many years ago, such as excessive capital construction, a shortage of energy, raw materials and transport facilities, demand outstripping supply, over-issuance of banknotes and the resulting inflation, endangered the nation's stable economic development. To change the situation, China put forward in October 1988 the guidelines for improving the economic environment and straightening out the economic order. The specific goal, cooling down the overheated economy, was reached after a year of readjustment. The resulting benefits to the economy are clear.

China's improved economic situation is shown in the following facts:

— Total social demand has been effectively controlled and the differential rate between total supply and total demand diminished. In 1989, China's investment in fixed assets was down 11 percent, the growth of consumer demand slowed and total wages for workers increased by 14 percent, a 9.1 percentage point decrease from the 1988 growth rate of 23.1 percent. Estimates indicate that the differential rate between supply and demand sank from 16.2 percent in 1988 to 8 percent in 1989. This put an end to demand surpassing supply, a situation which had occurred annually since 1984.

— The basic industries can better meet the needs of the nation's economic development. In 1989, China's grain harvest reached 407.45 million tons, surpassing that of the peak year of 1984; the output of meat, vegetables, poultry, eggs and fruit increased at varying degrees; the output of raw coal exceeded 1 billion tons; steel output reached 61.24 million tons, making China one of the world's top four producers; and the output of ten nonferrous metals, sulphuric acid, soda ash, chemical fertilizer, rolled steel and other major raw materials all had varying degrees of growth. The relations between industry and other sectors of the economy, such as agriculture, energy, and transportation have become more harmonious.

— The money supply and, thereby, inflation were kept under control. Credit retrenchment and inflation-proof savings deposits resulted in some 21 billion banknotes issued in 1989, demonstrably lower than the 68 billion in 1988. The volume of money in circulation at the year's end grew by 9.8 percent, also far lower than the 1988 growth rate of 46.8 percent and the lowest rate achieved since 1979.

Price increase momentum weakened by the month. Prices rose 27.9 percent in February 1989 but, by December, the rate was only 6.4 percent.

— Foreign trade continued to grow and foreign exchange reserves increased. According to customs statistics, China's total 1989 export value came to US\$52.5 billion, a 10.5 percent increase over 1988; the value of imports was US\$59.1 billion, a 7 percent increase. After deducting the value of imports and exports for which no foreign exchange was paid out or received, such as materials supplied for processing, donations and equipment imported by foreign-funded enterprises as investment, imports were worth US\$2.85 billion more than exports, a decrease of some US\$430 million from 1988. When income from foreign trade and foreign capital expenditures were added, the state's spot exchange reserves were found to have a large increase over the beginning of the year.

Those who are both knowledgeable and objective in their analysis of China's economy are certain to reach a positive conclusion about the state of China's national economy.

Though it is undeniable that China's economic readjustment measures in 1989 were successful, such problems as the unbalanced supply and demand, an irrational economic structure, poor economic returns and defects in the economic setup, remain. At the same time, new problems have arisen, including a sluggish market, enterprises operating under capacity and increasing pressures of maintaining employment. Some of these problems had built up over the years and their resolution takes time. Some are new, resulting from economic retrenchment, and will be resolved step by step. The latter, however, will by no means lead to a depression. In the view of Edwin Lim, chief representative of the World Bank in Beijing, the economic situation is generally positive and there is no sign of impending crisis.

In 1990, China will continue to implement the policy of improving the economic environment and straightening out the economic order. In order to lower the rate of inflation and ensure that financial deficits are lower than last year, the scale of credit and the issuance of banknotes will continue to be kept under strict control. At the same time, further efforts will be made to restructure the economy, improve economic returns and open new markets. Through such steps, we believe China's economy will continue to make steady and sustained progress. ■

Capital Construction Comes Under Control

China's capital investment last year dropped by 2.3 percent over the previous year, according to a recent report by the State Statistics Bureau. If price factors were deducted, the actual amount of work decreased by about 12 percent.

Statistics show that a total of 153.8 billion yuan of capital construction investment went to state-owned projects in 1989, a decrease of 3.63 billion yuan compared with 1988.

This was the first decrease in capital construction investment in eight years. Bureau experts said that such positive results, achieved after the central government adopted an economic retrenchment policy last year, would be of great significance to the sustained, steady and coordinated development of China's economy.

A major indication of the once snowballing capital construction was that too many projects were started at the same time. Construction starts came under effective control in 1989. The number of new projects launched last year — 24,000 — was the lowest for the decade and 14,000 less than in 1988. The amount of investment in new projects was down by about 50 percent.

Investment not included in the state budget has been cut. Of the overall capital construction investment last year, investment over and above the budget was 113.7 billion yuan, a decrease of 6.8 billion yuan from 1988.

In addition, the number of construction projects was reduced, especially that of hotels, restaurants and other non-essential buildings. According to a decision made after careful investigations, 18,000 projects were

postponed or suspended across the country. State-owned construction projects totalled 69,000 in number last year, a decrease of 12,000 over 1988. The amount of planned overall investment was down by 30.5 billion yuan.

Meanwhile, China has done much in readjusting its investment structure. Of the sum total of capital investment, investment in projects for production purposes increased by 2.5 percentage points while the investment in projects for non-production purposes dropped and investment in housing decreased by 11.8 percent.

Experts at the State Statistics Bureau said that 1990 was a vital year for carrying out the economic retrenchment policy. They urged the central government to continue its rigid policy on new construction projects, cut back on overall investment further and improve investment efficiency. ■

Li Predicts End to Sino-US Difficulties

Difficulties in Sino-US relations will be overcome and prospects are bright for the future, Chinese Premier Li Peng has predicted.

In a meeting on March 1 with a delegation led by Raymond Shafer, chairman of the US National Committee on US-China Relations, Li exchanged views on bilateral ties and other issues of common interest.

Relations between the two countries, he said, had entered a period of smooth development with the joint efforts of both sides following the Sino-US

Shanghai Communique and especially after diplomatic relations were established.

"The present difficulties in the two countries' relations, which we would not like to see, were not caused by the Chinese side," the premier noted.

But despite the difficulties and differences, Li said the two countries share one common point, namely, that bilateral relations can be restored and developed.

The premier pointed out that Sino-American relations have, from the beginning, been based on the Five Principles of Peaceful Coexistence stated in three Sino-US communiques, but not on their social systems or ideologies.

"We would not like to see these principles infringed upon," Li said.

Both the Chinese and American people cherish friendly feelings towards each other, he continued. It is in their fundamental interests to restore and develop friendly relations and cooperation between the two countries.

"That is why we believe that difficulties will be overcome and the prospects are bright," Li said.

He told his guests that he appreciated the delegation's visit to China at a time when the two countries' relations are going through difficulties. And he hoped that all American friends concerned with the problem will continue to make active efforts to restore and develop Sino-US ties. ■

Tibet Rings in 'Year of Iron Horse'

Amid the pop, hiss and sparkle of fireworks, Tibetans ushered in their new year, the Year of Iron Horse, at a festival in Lhasa on February 26.

According to tradition, tens of



Young Women's Heroism Captures Nation's Heart

Yang Dalan, 19, was stabbed to death as she and Pan Xinglan struggled with two men attempting to rob a bank; Young pioneers present Pan Xinglan with flowers on February 22 when she leaves hospital after undergoing 10 operations in 15 days.

LI YIFANG

Two brave young women became the talk of the town throughout China after stories about their heroic fight against two men in an abortive bank stickup were told in the media. One woman, Yang Dalan, was stabbed to death during the confrontation; the other, Pan Xinglan, was seriously wounded as she too tried to prevent the robbery.

Both were 19, Pan a bank clerk and Yang a new employee. When they were working in the small hours of December 25, 1989, at the Guihua Credit Branch in Zhijiang County in Hubei Province, suddenly two masked men broke in and demanded the keys to the safe.

When they refused to hand the keys over, the robbers separated the two women. Yang was stabbed to death as she tried to shout for help. Then one of the robbers cut Pan's ear off. She fought back, kicking away her captor's dagger, and rushed towards the bank's business room

— only to be caught again. She was stabbed at least 10 more times. As she lapsed into unconsciousness, her attackers fled with about 200 yuan and some negotiable securities they had found in a drawer.

Pan, however, regained consciousness just long enough to alert some nearby farmers. The police were called and within three days the two men were arrested. The two, Yang Qilin and Zhuo Xiangbo, were sentenced



The Huangmei Opera "Two Orchids", an adaption to the real bank robbery, was first shown in Wuhan, Hubei Province, on February 22. This picture shows a scene in the furth episode in which two masked men force Pan Xinglan to hand over the keys to the bank safe.

DU HUAJU

to death and executed later.

Pan underwent 10 operations during her first 15 days in hospital.

Flowers, gifts and letters came pouring into her hospital ward. Some young people asked in their letters whether she was frightened while the dagger was pointed at her. She admitted that her heart was pounding with fear at the time.

But she also said: "Evildoers are all guilty and are actually more frightened than their victims. They can hardly have their way in front of a brave person."

People from all walks of life visited Pan to learn from her.

At the beginning of the new school term, 10 students came with flowers and said: "We will learn from your spirit of devotion."

On February 16, representatives of 220 soldiers who were retiring from military service saluted Pan and told her that her bravery had moved all of them, and that her spirit of heroism would stay with them forever.

Newspapers carrying the story of "the two Lans," the second Chinese character in each woman's first name, meaning "orchid," were stashed up shortly after they hit the news stands. The public is at once moved by their heroic deeds and concerned about the health of the survivor.

Learning from the two young women, the people of Yichang Prefecture in Hubei Province held numerous activities; groups could be seen offering free services for people in the streets.

Actors and actresses in Zhijiang County gave up their Spring Festival holiday, and staged a *Huangmei* Opera (a style of opera peculiar to Anhui Province) called "Two Orchids," in eulogy of the two young women.

And on February 26, the Chinese People's Bank cited Pan and Yang as "Model Workers in the Banking System." ■

thousands of Tibetans start to line up at 2 o'clock on the morning of New Year's Day in front of Jokhang Monastery in Lhasa. They then wait their turn to pay respects to Sakyamuni, the founder of Buddhism, and pray for a happy and successful new year.

In a typical household in downtown Lhasa, Jime Toingdrar's 30-member family got together in time for the festivity.

Jime, 57, is a photographer with the Tibetan branch of the Chinese Newsreels and Documentary Studio. He has been on the job for 40 years. In addition to a daughter and three sons, he is also responsible for four nephews, sons of his deceased elder sister. As a habit, the nephews always join the family for holiday celebrations.

Family members include a lecturer, an army officer, a composer, a violinist, an actress, a doctor, government officials and a coach. As Zhoma, Jime's wife, is apt to say of her family, "It's an epitome of the Tibetan society. They all love their jobs. As long as they are all happy, I'm happy too."

This year, the festivities were marked by something non-traditional. Many parents and their children, in colourful holiday finery, rode around on three-wheeled bicycles, a popular means of transportation in recent years in the city for sightseeing or to visit relatives on New Year's Day. In the past, they would stay at home with their families.

Hu Jintao, secretary of the Tibet Autonomous Region Committee of the Communist Party of China, and deputy-secretary Raidi and other local Party and government leaders paid New Year's visits to patriotic and religious leaders and citizens of Lhasa.

A few days earlier, nearly 100 Chinese and foreign businessmen attended a party hosted by the

regional department of foreign economic relations and trade.

Addressing the party, Toinzhub, director of the department, said that the region's total volume of imports and exports exceeded US\$30.67 million last year, a 39 percent increase over the previous year.

According to another regional official, the economy of the region has grown steadily and the people's standard of living has improved greatly in the past year.

The total value of industrial and agricultural output in 1989 was 962 million yuan (about US\$205 million), up 3 percent from the previous year's figure.

Tibet reaped a record 532.5 million kg of grain last year, 5 percent more than the region did in the previous year. And the average income of farmers and herdsman reached 397 yuan, a rise of 6 percent.

However, because of a population boom, the grain available to local residents averaged 246 kg per capita as compared with 273 kg in 1980. The region has a population of 2.1 million, representing an increase of 30,000 a year since 1980.

This year, the local government has invested 2.82 million yuan more than last year to improve farmland and for water conservation purposes.

Once a blank spot for industry, the Tibet Autonomous Region is now dotted with modern industrial enterprises. The region used to rely almost entirely on other parts of China for supplies of industrial goods and daily necessities until the 1960s, when it started to set up factories with state investment.

Since 1980, the regional government has rearranged its industrial structure and paid more attention to boosting the power, light, textile and mining industries in line with its local conditions.

The region has been given financial and technical support from all parts of China. ■

Company Screening In Full Swing

By the end of last January, a total of 60,865 companies had been disbanded or merged in China. The figure accounted for 20.4 percent of all companies in existence before screening was started a year ago.

Luo Gan, secretary-general of the State Council, gave the figures while reporting to deputies of the NPC, who were on an inspection tour of Beijing. Luo is also deputy head of a leading group responsible for company screening in China.

Most of the companies that have been closed or merged were run by departments of Communist Party organizations and governments at different levels, Luo said. They were distribution companies that were redundant or operated in violation of the law, much to the public resentment and anger.

Luo said his group has tackled eight major tasks since it was established a year ago. They include setting up and improving organizations designed to strengthen the guidance over the screening operation at all levels; implementing the relevant decisions of the Communist Party Central Committee and the State Council; investigating the conduct of various companies; setting guidelines for disbanding and merging companies and ensuring that they are observed; investigating illegalities; arranging the handling of the aftermath when companies have been disbanded or merged; and organizing inspection groups to supervise, check and guide the screening.

However, company screening

in general has a long way to go before it measures up to the requirements of the Party Central Committee and the State Council and the expectations of the people, Luo said.

"Much hard work has yet to be done," he said.

In the next stage, Luo said, the main tasks in company screening will include strengthening leadership, strictly implementing

shutdown and merger plans; continuously investigating and handling illegal business practices; improving the laws governing company management and continuously inviting NPC deputies, members of the Chinese People's Political Consultative Conference and members of democratic parties to take part in the screening. ■

Dr. Hammer: Confidence In China Unchanged

Chinese Premier Li Peng met with Dr. Armand Hammer, chairman of the American Occidental Petroleum Corporation, in Beijing on March 3.

Hammer, 92, invited by the Chinese Ministry of Energy Resources, arrived on March 1 to attend a chairmen's meeting of the Sino-US joint venture — Antaibao (ATB) Open Coal Mine — which is located in north China's Shanxi Province.

Li Peng told his guest that although many things have taken place in the past 12 months, "our friendly and cooperative relations have not been affected."

China relies primarily on itself in the modernization drive, but it also needs help from friends, Li added.

As science and technology are developing rapidly today, Li continued, China must constantly absorb advanced science and technology from abroad to better carry on its modernization programme.

Hammer said China has a secure and reliable investment

environment and his company's attitude towards cooperation with China remains unchanged.

The Occidental Petroleum Corporation, said Hammer, is willing to have more cooperation with China in oil, coal-mining and chemical industries. He believed that US-China relations will be improved through concrete efforts.

The American entrepreneur also expressed confidence with ATB's prospect when meeting with President Yang Shangkun the previous day, saying that "we have confidence in China" and will invest more in the country when opportunities present themselves.

Yang said he was happy with ATB's achievements in the past few years, calling the mine a major Sino-foreign joint venture in China since the policy of opening to the outside world was practised.

"We hope the two sides will further strengthen their cooperation and make the project a greater success," Yang said. ■

New Demonstration of Hegemonism

(People's Daily Commentary, February 25)

On February 21, the US State Department issued its annual so-called "human rights" report. Assuming the role of "world human rights judge," this official document, with more than 1,000 pages, evaluated one by one the so-called "human rights conditions" in more than 100 countries. What was different from the past was that this report devoted many pages to maliciously attacking China. The report's ill-intention, arbitrary wording, dirty tricks and confusing logic were really astonishing and outrageous.

What qualifications do the US authorities have to appraise other countries' human rights conditions? Who gives them the right? It is known to the world that there are extremely serious human rights abuses in the United States, and abroad, Washington wantonly tramples human rights in other countries and encroaches on their sovereignty. The US government, when meddling in and finding fault with other countries, should look in a mirror at itself.

Let's take a look at the recent Panamanian invasion, not to mention other earlier events, to see what the United States is like.

Who sent more than 10,000 troops to Panama, a nation of only 2 million people, slaughtered more than 500 innocent civilians, destroyed many buildings and made more than 10,000 Panamanians homeless?

Who kidnapped the leader of a country and jailed him in the United States awaiting trial?

Even if he is guilty, Manuel Noriega should have been dealt with by the Panamanians. Why should another country meddle?

Who, in defiance of international law, forcefully searched the embassies of some countries in Panama and seriously harassed another country's embassy there by surrounding it with heavily-armed troops?

Who, unrestricted by law, randomly arrested officials of the former Panamanian government and reorganized the country's Defence Forces?

The United States did it all. Where can even a single trace of democracy, freedom, human rights and humanitarianism be found in this? It is out-and-out hegemonism and power politics. The US invasion of Panama seriously violated the norms of international law, grossly encroached on the independence, sovereignty and territorial integrity of Panama and deprived the Panamanian people of the right to exercise their sovereignty and to freely decide their future. The US invasion has been widely condemned by world opinion. It is the US administration that should sit in the seat of the accused and be tried in a world court of human rights. Isn't it ridiculous that the accused now appraises and condemns other countries' "human rights conditions?"

The "human rights" report, issued by the US State Department and titled *Country Reports on Human Rights Practices for 1989*, is an official document representing the US government.

It has been rare in Sino-US relations that a US official document has made such an intensive, all-round flagrant attack on the Chinese government and leaders, wantonly meddling in China's internal affairs. People cannot but wonder what on earth the US government wants to do and where it wants to lead the Sino-US relationship? Lately some officials in the US administration have repeatedly indicated that they want to improve and develop Sino-US relations. Is this what they meant? It will only further deteriorate the relationship.

Weaving lies with rumours, the authors of the report had to resort to words like "possibly," "reportedly," "estimates," "well-informed sources," and "unconfirmed reports." How convenient yet ignorant it is!

Just take one example. The report concentrated its attacks on China's quelling of the counter-revolutionary rebellion in Beijing last June, saying that the Chinese government in the crackdown "possibly" killed "thousands," and that "100,000 people were reportedly arrested." In another reference, however, the report said, "Well-informed government sources put the figure (of the arrested) at 10,000." The rumour-mongers cannot even keep consistent themselves, how can they deceive others?

It's a well-known fact that the counter-revolutionary rebellion last June in Beijing was a conspiracy aimed at toppling China's legal government and subverting the socialist system.

Some anti-China elements of the United States were deeply involved in the turmoil. It was both completely justified and necessary for the Chinese government to have adopted decisive measures, according to China's constitution and laws, to quell the rebellion. The truth of the incident has long been public knowledge to the world. What is the intention of the US government in producing such a report that spreads again rumours and lies at a time when China is enjoying political, economic and social stability and its people live a peaceful and happy life?

It is both ridiculous and lamentable that the official document of a major country had to resort to "unconfirmed" material for support. If every country follows the example, what will the world become and what solemnity and normality will remain in international relations?

The "human rights" report also tried to make a big issue of the situation in Tibet. Apart from leveling slanders at China's suppression of the riot in Lhasa last March, the report accused China of "banning demonstrations that advocate national separatism or jeopardize national unity," and of "not tolerating religious manifestations that advocate Tibetan independence." The authors revealed their real purpose here. It is known to all that Tibet is an inseparable part of China's sacred territory, a fact that even the US government does not deny. Such being the case, what crime had the Chinese government committed when it banned the activities of a few separatists in Tibet aimed at splitting the motherland and undermining national unity? To proceed from the logic of the "human rights" report, should the US government encourage Americans to participate in activities urging some states to separate from the United States

and become independent to meet its own human rights standards?

The "human rights" report also attacked China's domestic policies and some administrative measures that have nothing to do with human rights. What is distasteful to some Americans was denounced as "human rights abuses." For example, the report attacked China for "maintaining a comprehensive and highly intrusive family planning programme." China's Ministry of Public Security was also blamed for "ordering full national implementation of regulations on carrying and checking residents' identification cards." The present 48-hour work week system also became "evidence" of "human rights abuses."

The "human rights guardians" in Washington have really poked their noses into too many things. It is widely known that China's family planning policy was mapped out according to China's basic conditions. In recent years, population expansion has become a global problem. The great efforts the Chinese government has spent dealing with this problem and its success have been recognized and praised worldwide, even candidly in the United States. Such being the case, what was the intention of the "human rights" report in harping on allegations against China's family planning policy? Did it want the population to grow freely, overloading China with people the country could hardly support?

The report's attack on China's identification card system was even more baffling. Many countries in the world have long adopted the ID card system. Why is it that the United States found fault only when China adopted the system? The US government, knowing that China began introducing the system as early as 1984, made forced association with the June 4 turmoil,

only to show their poor skills at cooking up lies.

After reading this report, we can only arrive at the conclusion that the United States had ulterior motives in preparing the report — under the banner of "human rights," making use of the over-all climate in the world to bring China to its knees. Recent changes in the international situation have lulled an overjoyed United States into believing that its "peaceful evolution" strategy has already succeeded. But the fact that socialist red flags still wave high in the land across the Pacific has disappointed and irritated the "peaceful evolution" strategists. Therefore, they made a concentrated burst of their hatred and anger in the report in the belief that the external pressure they imposed on China by gathering rumours and lies could force China to give up its Four Cardinal Principles — adherence to the socialist road, the leadership of the Communist Party, the people's democratic dictatorship and Marxism-Leninism and Mao Zedong Thought. This was the true motive of the US State Department in attacking China in its "human rights" report.

Unfortunately, they aimed at the wrong target and miscalculated the outcome. The Chinese Communists and people are not afraid of pressure or of a perverse trend. Ever since the founding of the People's Republic of China, we have fought many battles against hostile forces. Have they already forgotten their defeat and lessons?

The US State Department's report enables us to see more clearly what the US government is selling under the brand of "human rights." We advise some people in the US government to be a little wiser and more self-restrained. The Chinese people will never waver in their pursuit of the socialist road. ■

World Attention Focuses on German Unification

by Li Zhongfa

With intensified European and US diplomatic activities, the process of German unification has been accelerated and the issue has become the focus of world attention.

Federal German Chancellor Helmut Kohl put forward a "10-point plan" last November 28, and Democratic German Premier Hans Modrow followed with his own four-step unification programme on February 1.

Kohl's plan and Modrow's programme have no major differences in the steps towards realizing unification of the two Germanys except for the status of a unified Germany.

On February 7, the Bonn cabinet passed a resolution and formed a "German reunification" cabinet committee headed by Kohl.

While Modrow visited Bonn on February 13-14, he and Kohl decided to set up a spe-

cial committee to discuss the establishment of a monetary union and economic community between the two Germanies.

During the recent East-West disarmament conference in Ottawa, Canada, foreign ministers from the two Germanies, the Soviet Union, the United States, Britain and France suggested a "two plus four" formula for German unification. Under the formula, the two Germanies should



On February 24, US President George Bush met with Federal German Chancellor Helmut Kohl (left) to exchange views on German unification. US Secretary of State James Baker (right) was also present at the meeting.

first discuss law, economic and political issues related to unification. Then the two Germanies and the four wartime allies would talk over such "external factors" as European security.

The German unification trend is rapidly developing as a result of a change in attitude over the idea by the Soviet Union and Democratic Germany.

Despite already profound political changes at home, Democratic German leaders two months ago insisted that Kohl's unification plan disregarded the sovereignty and independence of the two Germanies as stipulated in the basic resolution on relations between the two German states and the final document of the Helsinki Conference and said the "reunification issue cannot be put on the agenda." However, after further domestic changes and political and economic changes elsewhere in Europe, the Democratic German government changed its position.

When Kohl first put forth his "10-point plan," the Soviets indicated that it was too early to consider German unification. However, during talks with Modrow on January 30, Soviet leader Mikhail Gorbachev said that unification was not unexpected.

Two days after Modrow returned from his Moscow visit, he presented his plan for unification. Obviously, it was with consent from the Soviet Union.

When Gorbachev met with Kohl on February 10, he further confirmed his position, saying that the two Germanies should decide what kind of state to have, and

when to unify and how to go about it. Kohl later commented that his talks with Gorbachev paved the way for unification.

The United States has complex feelings towards the German issue. It expressed support for unification, but set out several preconditions, which included ensuring that unification be linked with NATO and the European Community (EC). This was all an attempt to adjust German unification to US political needs.

It is expected that negotiations on unification will speed up after the March 18 general election in Democratic Germany.

But it must be remembered that German unification is a highly sensitive issue which concerns not only the future of the German people, but also the interests of neighbouring countries, and peace and stability of all of Europe.

Therefore, European nations as well as other nations are watching the process closely. Their worries and concerns mainly focus on the following two questions:

First, will a unified Germany again pose a threat to other European nations?

Poland seems most concerned about this question, because so far Federal Germany has not openly acknowledged the post-World War II boundary of the Oder-Neisse River as Poland's western border.

Polish leaders have repeatedly said recently that Federal Germany should acknowledge this border "ultimately and unconditionally." For this reason, Poland has asked to participate in the unification

negotiations over "external factors."

Britain and France have also shown their uneasiness about the German unification issue. British Prime Minister Margaret Thatcher has stressed that any agreement on unification should respect present European borders. According to the British newspaper *Sunday Telegraph*, Britain and France will urge the weakening of the German armed forces.

Although Federal German leaders have promised much on unification, they are far from easing the fears many countries have on the issue.

The second question is German status after the unification. Democratic Germany, a Warsaw Pact member, advocates "military neutrality" after unification, while Federal Germany says a united Germany should remain with the Western allies, and can neither be neutral nor non-militarized.

The Soviet Union has said it cannot accept a unified Germany as a NATO member, while the United States and other Western countries say a united Germany should certainly be a NATO member.

The European Community has also shown great concern over German unification and will hold a special EC summit in April to discuss its effects on European integration.

Because German unification concerns all of Europe, it commands the world's attention. It is hoped that the two Germanies and other countries concerned will properly resolve the issue in favour of the German people and peace and stability of Europe. ■ 11

Only CPC Can Lead China's Socialist Construction

by Wen Di

This is the third instalment of a four-part series entitled "Socialism Will Save China." The first and second parts were carried in issue Nos. 9 and 10. The fourth and last will be published in our next issue. Subheadings are ours.—Ed.

We notice that there are two kinds of reform. One is aimed at improving the socialist system while the other attempts to re-establish a capitalist system under the name of "reform." The former is the goal of the Communist Party of China and the Chinese people; the latter is the strong desire of those political "elites." In order to achieve the goal, their first step the political "elites" have adopted is to muddy the water by negating the economic achievements of the four-decade socialist construction. The second step, "settling accounts" with the Communist Party, is necessary because only by thoroughly changing or overthrowing the Chinese Communist Party will they be able to change the current political system, and establish a bourgeois republic. As to the question of whether the republic should be of a North European, Taiwan or American type, they still have not been able to reach a consensus.

How to Evaluate the CPC

Thus, the question of how to evaluate the Chinese Communist Party arises. When the student unrest and turmoil in Beijing was gaining momentum, prob-

ably it was the Americans that were the most puzzled. Why did thousands upon thousands of people suddenly took to the street in a country where the economy was developing rapidly? Why did the student upheaval expand so swiftly and why was the turmoil checked so quickly? Although journalists presented a variety of views, none was convincing. The most meaningful statement came from President George Bush who said that if someone told you he thoroughly understood China, he actually knew nothing about China.

If Americans are unclear about China's situation, then what about Taiwan? The Kuomintang presents two stances, one for political propaganda, and the other for the formulation of policies. On the propaganda side, they predicted, "Beiping's martial law sounded the first death knell of the Chinese Communist Party, a great turning point in China's destiny," and openly called on the mainland people to rise in the struggle against the tyranny of the Chinese Communist Party in order to overthrow the Communist Party or, at the very least, force it to give up the four cardinal principles*. However, propaganda is propaganda, and the Kuomintang

leadership was not so stupid as to believe their own propaganda. From their long years of contention with the Communist Party, they knew full well that it was not unimaginable, but impossible to topple the Chinese Communist Party. Therefore, they saw that "although there was a surging undercurrent and an explosive situation in Beiping, fundamentally, everything was still under the control of the Chinese Communist Party"

In comparison, the political "elites" were far more reckless in their assessment of the situation. Some predicted that in ten hours to three days, the "reformists" would win a decisive victory. The reason why they were so confident was, first, they had exaggerated the difficulties facing the Communist Party and second, they had staked their backing on Zhao Ziyang, the former general secretary of the CPC Central Committee. At that time, the "reformists" were quite bellicose, hinting that Zhao Ziyang should stage a coup or some similar action, and that Deng Xiaoping and Li Peng should be driven out of office. Perhaps this naive, reckless political evaluation was precisely the reason why the turmoil in Beijing went unchecked for 50 days after it be-

gan. The chariot of the Communist Party seemed to have gotten bogged down in a ditch, and so could be toppled with a shove.

Reform and opening are a risky undertaking. Although China's achievements are tremendous, some problems have also arisen, such as the growing difference between rich and poor, corruption, soaring prices and, in

addition to theoretical blindness, an ideological confusion and crisis of belief. All these, when put together, constitute a serious challenge to the Chinese Communist Party. Unless the CPC conscientiously and promptly studies and does its utmost to solve these problems, it will be unqualified to shoulder the arduous task of leading China's industrialization

and modernization to success. However, since the Chinese Communist Party, with a fairly long history and a glorious tradition, was able to triumph over the dangers and difficulties it faced during the Long March (1934-35), overcome the difficulties during the three years of natural calamities (1959-61), and correct the serious mistakes of the decade-long chaotic "cultural revolution" (1966-76), why, then, must it be drowned in the vortex of the reform and opening? If the Communist Party were asked to step down, who could fill this power vacuum? Should those pitiful creatures who even now still spread the rumour about the "Tiananmen massacre" be relied upon? What reason is there for people to trust those "heroes" who, after setting a fire, fled abroad to receive rewards from hostile overseas forces?

There was an unreasonable,

quasi-fascist force in the ranks of the political "elites." Although they had not yet climbed to power, they used cruel political tricks in the Beijing riots. These acts were very similar to the methods used by Hitler in his attack on the German Communists. Whatever their tactic, however, the attempt by these political "elites" to topple the Communist Party

There was an unreasonable, quasi-fascist force in the ranks of the political "elites." Their cruel political tricks in the Beijing riots were very similar to the methods used by Hitler in his attack on the German Communists.

—one, the dream of independence and prosperity of the motherland and the other, the dream of freedom and liberation of society. During the patriotic, anti-imperialist "May 4th Movement" (1919), many Chinese accepted Marxism because it provided them with a new blueprint for saving China. The Chinese Communist Party's programme is a concentrated expression of these two dreams and so the Chinese people place their hope for the country's future on the Communist Party. The excessive expectations of the people, however, have brought about many unrealistic demands on the Communist Party. Both socialism and capitalism provide means for solving social problems, and the differences between the two lie in the fact that the former takes into account the interests of the majority of the people, while the latter proceeds from the protec-

tion of the interests of propertied people. As Mao Zedong said: Socialism only provides a road leading to an ideal world, which can be realized only through hard struggle. The Chinese Communist Party has its roots among the Chinese people; its main forces encompass the intellectuals who were the first to accept Marxism and the broad masses of poor people who eagerly tried to rid themselves of the shackles of imperialism and feudalism. The Chinese Communist Party began its career under extremely difficult conditions. The victory of the Chinese revolution was a miracle in the history of world politics and predetermined the protracted nature and arduousness of the Chinese socialist revolution and construction.

Chinese in the contemporary history, suffering greatly from imperialist bullying, had two beautiful dreams

Anti-Corruption: High on the Agenda

Today, the Communist Party's difficulties lie not only in the need to defeat the political forces trying to restore capitalism, represented by the reactionary Kuomintang clique, but also in the need to constantly eliminate the degenerate elements, the moths within the Party. Corruption and degeneration of officialdom may appear in any country. The crux of the matter, however, lies in whether or not this phenomenon should be legalized. Chairman Mao Zedong was quite aware of this danger at the time. He clearly warned of the danger of the emergence of a privileged stratum within the Communist Party. That is to say, in a socialist country, it was not impossible for the emergence of people with both power and property. Genuine political privilege would definitely manifest itself through economic privilege and once this situation is legalized, a bureaucrat-monopoly clique would rapidly come into being.

People noted how the Kuomintang, during its 20-odd years of rule over the mainland, greedily used its political power to expand its own assets. The greed was somewhat restrained after the Kuomintang fled to Taiwan. However, Taiwan's intellectuals have already noticed that the autocratic Kuomintang government, through its manipulation of large enterprises and its close relations with industrial and commercial strata, has monopolized and controlled social and economic resources, and brought about a deluge of privilege and corruption everywhere in society.

In comparison, corruption within the Chinese Communist Party is only a partial phenomenon. The first generation of leaders of the People's Republic of China such as Mao Zedong and Zhou Enlai all set an example of honesty in their performance of

official duties. The Chinese Communist Party and the people's government have always been firm in their struggle against corruption within their own ranks, and the anti-corruption slogan of the political "elites" was only aimed at instigating the masses. Many examples show that choosing a private system does not help solve the problem of corruption; in countries practising a private system, corruption is more rampant. It's clear, whatever the system, that the phenomenon of corruption has become the masses' most hated social malady. Although Deng Xiaoping, Chen Yun and other Party and state leaders have made it clear that overcoming corruption is a principle that concerns the life and death of the Party, the problem has not yet been properly solved. After the turmoil was checked, therefore, it was absolutely necessary for

the Chinese Communist Party and government to place the fight against corruption on its agenda.

Perhaps Communists worldwide all have underestimated the possible difficulties in socialist revolution and construction. Improvements were made only after repeated mistakes and setbacks. If the French bourgeois republic could have been re-established only 100 years after the French Revolution, and leaders of that revolution such as Maximilien de Robespierre would have committed mistakes, it wouldn't be difficult for people to understand why leaders of the CPC would also make mistakes.

Proletarian revolutionaries such as Mao Zedong and Zhou Enlai all stood at the forefront of historical change, trying to blaze a bright road in historical development. They were pioneers, worthy of the name because they were of outstanding ability. They were not tolerated by those political "elites" because they established a socialist system in China. Deng Xiaoping, the world-recognized guide of China's reform and opening, was driven out of the "reform" camp in a twinkling by the political "elites" and attacked by them as "old, muddle-headed dictator" only because he stresses the need to uphold the four cardinal principles. If they can't even accommodate such a statesman as Deng Xiaoping who has made important contributions to the cause of the Chinese people, whom, then, can the political "elites" accommodate, except for their handful of cohorts?

Socialism is fundamentally different from the private system, including the capitalist system. Its ultimate goal is to eliminate exploiting classes and the private system on which they rely for subsistence. The lofty ideal it represents is beyond that accessible to bourgeois thinkers



and therefore inevitably encounters unprecedented difficulties and resistance in the course of practice. Those who demand perfection of the socialist system probably know nothing of the fact that it took the capitalist system at least 200 to 300 years to become comparatively mature. In fact, socialism is still in its infantile stage, and so a set of practical and effective systems has not yet been fully established. Because world socialism is still very young and is surrounded by world capitalism, it is bound to encounter various difficulties, including armed intervention and other attacks by capitalist countries. For example, they provide material and political support for the various opposition forces in the socialist countries, as has been done for China's political "elites." Under such circumstances, it is not hard to imagine the possibility of capitalism staging a comeback in some socialist countries, similar to the restoration of the dynasty of the Bourbons after the French Revolution.

In spite of this, socialism has taken deep root in some countries, particularly in the Soviet Union and China which gave birth to such outstanding leaders as Lenin and Mao Zedong. It is perhaps rather difficult to try to revive the fond dream of capitalism in such countries. We can even assume that if capitalist restoration took place in such socialist countries, people would once again take action to turn back the reversed wheel of history. That is to say, even if the ideal of those political "elites" could be realized and even if they begged for support from world capitalism, their bourgeois republic would inevitably be short-lived. This pre-determines that the political "elites" depend on world capital. It seems ridiculous that those who one after the other claim to have inherited the

"May 4th" spirit, could not but act the same as the traitors of the "May 4th" period—those who relied on foreigners for self-importance—whereas Deng Xiaoping and other leaders of the CPC Central Committee, who genuinely inherit and carry forward the glorious tradition of the "May 4th" Movement, are free from the slightest taint of sycophancy and obsequiousness. History made fun of the political "elites"; they were very "patriotic," but they had chosen to enter the room of traitors.

The tide of history is mighty and, before long, the government of the Chinese people is no longer at the mercy of any foreigner. The Chinese, though poor, have high aspirations and are undaunted, and with such healthy national spirit, China, an ancient yet great nation, will rise in the world. The socialist system, once set up, will not easily be overthrown. Its strong vitality lies not only in the noble, social ideal it represents, or in the people's democratic dictatorship so disliked by certain people, but also in the brand-new economic system of public ownership. Although this system is still immature and is still being developed and improved, it is obviously not easy for anyone to attempt to shift the enormous wealth of this system into the hands of a new propertied person. The Communist Party, unless it betrays Marxism-Leninism, will inevitably become the biggest obstacle to such degeneration. The problem, therefore, could arise within the Communist Party. If a bureaucratic monopoly capitalist class should emerge within the Communist

Party, the People's Republic would exist only in name.

We should really thank the young students who were sincere in their opposition to corruption because their activities were very valuable and in agreement with the goal of the Party, government and the National People's Congress. All anti-corruption forces should have been able to

unite around the Communist Party and the people's government in this resolute struggle, using the legal system as the weapon. This points out the necessity of establishing a set of legal system, including a regular check on the property of state leaders, a task to be performed by a special committee established by the National

People's Congress. More importantly, the Party should develop a democratic system and place its leadership under the supervision of Party members and the masses.

Marxism Not Outdated

The founders of Marxism never regarded their theory as an end to the search for truth, but rather a means to open up new paths towards understanding the truth. In recent years, various abuses against Marxism were all the rage, and whether Marxism should have a place in the world was a contentious question. If such forces were allowed to tread down Marxism, it would be the same as felling a big tree in order to let the weeds flourish.

Karl Marx, a great theoretician and thinker, provided new insight into the fields of philosophy, economics and political science. The late British philoso-

Socialism is fundamentally different from the private system, including the capitalist system. Its ultimate goal is to eliminate exploiting classes and the private system on which they rely for subsistence.

pher Bertrand Russell called him the last man to have constructed a large system. Marx always looked for as many pieces of scientific evidence as possible for his doctrine and never relied on pseudo-scientific intuition. His criticism of idealism and mechanical materialism undoubtedly widened people's field of vision. His historical philosophy was regarded as "a great tool of cognition," providing new scientific viewpoints and methodology for the study of society. Marxism is not dogma and is inherently thoroughly critical. Marx raised fundamental doubts about the philosophy and economic theory which were then in a dominant position. He guided utopian socialism to move to scientific socialism. Marx was also an outstanding proletarian revolutionary; he hated class oppression and exploitation and harshly criticized the shortcomings and evils of capitalism, opening up the roads towards an ideal society for mankind and the all-round development of human beings.

Marx at least illuminated the point that replacement of capitalism with socialism was not only reasonable, but necessary. Both Lenin and Mao Zedong did not rigidly adhere to Marx's established conclusions; only those who are pedantic rigidly stick to individual conclusions and forget the entire theoretical system. Lenin and Mao understood and creatively developed Marx's stand, viewpoints and methods. As a result of their efforts, a new system, completely different from capitalism, has emerged on earth, gradually developed and expanded. Although this new system is obviously not perfect and leaves much to be desired, its existence has made it possible for the word "pluralism" to exist on this small globe. Otherwise, if the world were unified into one and the same model of

capitalism, would those gentlemen who never forget "pluralism" for a moment feel regret at this occurrence?

Marxism-Leninism and Mao Zedong Thought plays a guiding role in the establishment of China's social system and its values. Without it, there would be no victory for the Chinese revolution, nor would there be victory for socialism. Without socialism, there would be no capitalism of today either because the developed capitalist countries, without changing the private ownership of the means of production, have drawn many useful things from the socialist system.

Some people arbitrarily asserted that Marxism was already outdated because it was developed in the 19th century. It is deplorable that they do not know where their starting point is and that they do not know that many of their viewpoints are actually ideologies which had long been criticized and surmounted by Marxism and which had lagged behind the development of history. Here I want to mention two points about Marxism. First, those political "elites" advocating total Westernization are actually following liberal thinkers who laid the foundation for capitalism and have not presented any new or different views. Second, the divergence between Marxists and liberalists lies in their different views on property rights. One views the private property rights as inviolable, while the other views it as not a thing eternal, just as divine right imperial power and aristocratic right are not eternal. An understanding of the above two points makes it easy for us to understand why and in what sense Marxism cannot be said to be out

of date. Marxism puts forward an even newer ideal for social change, which is to negate not only divine right, imperial power and aristocratic right, but also the bourgeoisie's ownership of property. Of course, the negation of the bourgeoisie's ownership of property cannot be accomplished in one move because it is a historical process. The eventual eli-

mination of the private system from human society is not prompted by wishful thinking, but is based on a scientific analysis of the development of human society and the con-

tradictions of capitalism in accordance with dialectical materialist viewpoints. As a scientific world outlook and methodology, Marxism will never become out of date.

With Marxism-Leninism, the Chinese Communist Party came into being; without the Chinese Communist Party there would be no socialist New China. The importance of Marxism-Leninism and Mao Zedong Thought to New China is immeasurable. The Chinese Communist Party's current basic line of adherence to the central task of economic construction, to the four cardinal principles and to reform and opening to the outside world conforms with China's national conditions. With the further development of China's economy, socialist democracy and the legal system will gradually improve. The building of a more prosperous New China depends on the joint efforts of the Chinese people. China is not without hope.

(To Be Continued)

* Adherence to the socialist road, to the Communist Party's leadership, to the people's democratic dictatorship, and to Marxism-Leninism and Mao Zedong Thought.

The socialist system, once set up, will not easily be overthrown.

China's Steel Industry: Promising, but Problematic

by Our Staff Reporter Zhang Zhiping

China's iron and steel industry saw a unique year in 1989. Despite the troubled economy, the shortage of coal, electricity, transportation facilities, funds and other difficulties in production, the iron and steel output still reached 61.32 million tons, a record high. China's annual steel output thus ranked fourth in the world behind the Soviet Union, Japan and the United States.

Qi Yuanjing, minister of metallurgical industry, is an expert in metallurgy who studied in the Soviet Union in the early 1950s. When talking about the 1989 iron and steel output, he noted that the iron and steel industry is an important yardstick for measuring a country's economic strength and it is not only the foundation for modern industry but also the source of raw materials for the consumer industry. With economic development, he said, the demand for and consumption of iron and steel grow accordingly. The breakthrough in output past the 60 million tons mark was therefore of great significance.

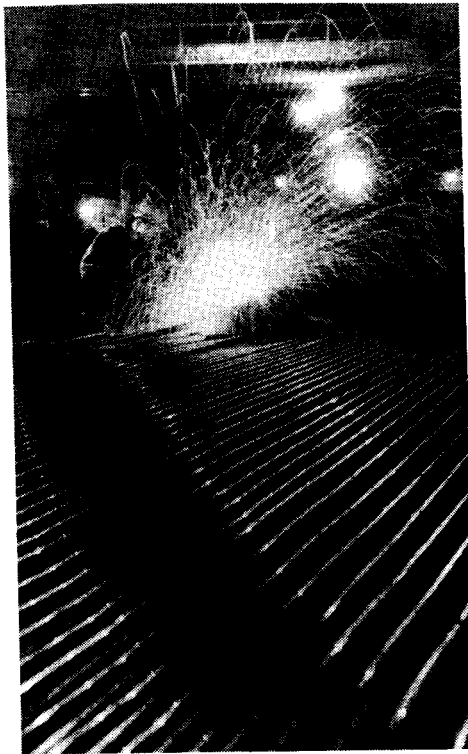
At the China Metallurgical Working Conference held recently, Qi said that to reach such an output level was no easy task. It had been a dream for several decades, he said, and was the result of 40 years of development since the

founding of New China. He noted that particular progress had been made in the ten years of economic restructuring since the country opened itself up to the outside world in 1978.

Although China's modern iron and steel industry was born in 1890, the aggregate steel output before the founding of New China was only 7 million tons, the highest annual output being

900,000 tons. In 1949, when the People's Republic was founded, the annual output of iron and steel was 158,000 tons. In 1952, the output reached 1.35 million tons. After 1953, the year China undertook its first Five-Year Plan, the nation established three large iron and steel enterprises at Anshan, Wuhan and Baotou with Soviet assistance. During the "Great Leap Forward" (1958), the whole nation was mobilized to produce iron and steel but mistakes were evident in the industry and it took three years of readjustment before the iron and steel industry again formed a certain production scale. This, in turn, was disrupted during the ten years of "cultural revolution" (1966-76), when the industry progressed very slowly. In 1976, the output of China's iron and steel was only 20.46 million tons.

In the ten years of reform and opening to the outside world which began in 1978, China's steel output increased by 27.65 million tons to reach 59.43 million tons in 1988. Qi said that during these ten years, the iron and steel industry's capacity for self-development was strengthened. Advanced foreign technology was introduced and iron ore and other raw materials were imported to meet domestic shortages. All



The steel tube workshop of Factory No. 3 of the Chongqing Iron and Steel Co. YU YING

these brought about dramatic changes in the iron and steel industry. Beginning in 1982, the annual output of steel increased by 3 million tons for six years running, thus laying a good foundation for breaking through the 60 million tons mark last year.

The many years of effort have brought about a well-distributed iron and steel system comprising enterprises of varying sizes. According to statistics, China now has a total of 1,400 or so iron and steel enterprises, including 15 large complexes each with an annual capacity of 1 million tons (such as the Wuhan, Anshan, Baotou, Panzhihua, Baoshan, and Shoudu iron and steel companies). Except for Tibet, the iron and steel industry is spread nationwide. At present, China is able to produce more than 1,000 types of steel products, and some 20,000 types of rolled steel. China has the capacity to produce various types of steel products needed by high technology industry and defence industry.

China's iron and steel industry began its recent advances in 1978 by using foreign investment. More than 700 types of technology and equipment worth US\$5 billion were imported, one-third of which are in production. The Shanghai Baoshan Iron and Steel Complex, for example, invested a total of 20 billion yuan and now has an annual capacity of 3 million tons. It is fast becoming one of the nation's top iron and steel companies. Feasibility studies were carried out to determine whether foreign investment should be used to expand and renovate projects at the Laiwu Iron and Steel Company, the Meishan Metallurgical Company, the Wuhan Iron and Steel Company and the Anshan Iron and Steel Complex. At the end of 1986, China decided to increase its steel production capacity by 10 million tons by way of foreign



Furnace No. 2 of the Iron-Smelting Factory, affiliated to the Shoudu Iron and Steel Co., in operation.

FU JIANWEI

investment. It is estimated that by the year 1993, when the expansion and renovation are finished, production capacity will exceed the 5-million-ton mark.

The Ministry of Metallurgical Industry plans to raise the national steel output to 80 million tons by 1995, and 100 million tons by the end of the century.

Despite this improvement, the iron and steel industry is facing an uncertain future. Since last year, it has been affected by several negative domestic and international factors.

China's economy is being consolidated and rectified. State investment decreased from 5 billion yuan in 1988 to 4.65 billion yuan in 1989 and further cut-backs are expected in 1990.

The raw materials and energy needed for iron and steel production are still in short supply. At present, China's electricity generating capacity totals 120 million kw but the demand is 300 million kw. The average daily supply of electricity to the Anshan Iron and Steel Complex, the largest of its kind in China, could meet only two-thirds of the needs.

Another problem is seen in the industry's labour productivity, clearly lower than its counterparts in developed countries.

This is evident in the number of employees—China has more than 2.5 million employees, while Japan, with an annual output of nearly 100 million tons, has 250,000 employees.

In addition, the variety, quality and quantity of China's steel products are also incompatible to its status as a big power in the world. At present, various kinds of rolled steel in China are in short supply, particularly steel plates and tubes. As to quality, many products are not good enough to meet the needs of end-users and measure up to international standards.

At the recent working conference of metallurgists, product quality and variety were listed as the most important hurdle which China's iron and steel industry must clear this year. China's Ministry of Metallurgical Industry will strengthen the production and construction of mines, increase energy savings, reduce consumption and cost, and improve enterprise management. The shortage of raw materials will be partially alleviated by a joint Sino-Australian iron ore venture in Australia which will produce up to 3 million tons of ore this year. It is the first joint-venture enterprise China's iron and steel industry established in a foreign country. ■

New Help for Rural Elderly

by Our Staff Reporter Lou Xinyue

After 10 years of economic reforms, a number of new ways to support the aged have appeared in some well-off rural areas.

China now has 90 million people aged over 60, 80 percent of whom live in the countryside. The majority of old people in rural areas are supported in the traditional way by their families, except for those who are guaranteed food, clothing, medical care, housing and burial expenses by local governments because they are childless, infirm or disabled. Only a small number of old people support themselves by taking part in some labour.

In China, the traditional support of old people by their family members is protected by established laws. For example, Article 15 of the *Law of Marriage* stipulates that "Children have the duty to support and assist their parents. When children fail to perform the duty of supporting their parents, parents who have lost the ability to work or have difficulties in providing for themselves have the right to demand that their children pay for their support." The *Criminal Law of the People's Republic of China* also clearly states that "Whoever has a duty to support aged persons, children, sick persons or others lacking the ability to live independently, but refuses to provide such support, when the circumstances are odious, is to be sentenced to not more than five years of fixed-term imprisonment, criminal detention or control."

Nevertheless, people in the

rural areas today are envious of workers and staff in the cities. The latter have more guarantees than the former in the late years of their lives. And, in fact, the traditional way of elderly support has shortcomings.

Although China needs strict control of its population growth, there are still many people who think that the more children, the happier they will be in their later years. Problems still arise, however, when the matter of providing for elders often becomes the cause of quarrels between aged parents and their grown-up children.

Of course, things have changed much in the past 10 years. China's rural economic structural reforms have made it possible to explore a new socialized system of providing for the aged in the countryside. In this field, some well-off rural areas have taken the lead.

One example is Nanxiang Town, Jiading County in the suburbs of Shanghai, which introduced an "old-age insurance" system in October 1987. The town became prosperous as a result of its rural enterprises and has per-capita income of 1,500 yuan. The old-age support measures mandate that everyone aged over 25 in the town must hand over at least five yuan a month to the social security committee, which is under the leadership of the town government. The money collected by the committee is put into interest bearing deposits. In addition, the committee is granted the right to draw 10 percent of the total

wages from each enterprise run by the townships, villages and production teams. A part of the money is spent to provide support for the aged, and the rest is put into interest bearing deposits. In short, it is a trust fund the accumulation of which will be used in the future for old people.

A farmer retirement system has also been established in the town. Male farmers are allowed to retire at 60, the female at 55. Each old person can get 15 yuan a month in old-age pension. Although the sum of money is not enough to cover one's living cost, it is still welcomed by rural old people who have never enjoyed such a benefit. The money, after all, is a stable source of income. The Jiading county government is planning to introduce the system throughout the county.

This kind of old-age pension system is based on a strong collective economy of township enterprises. At present, such enterprises are facing an increasingly sharp market competition. If they are in a depressed economic state or close down, the pension system will be affected. A case in point is the Tingzhi Township of Yuhang County in Zhejiang Province.

The township's per-capita annual income reached more than 1,000 yuan and, at the current rural standard of living, it can be regarded as a well-to-do area. The township government had planned to put its regulations governing old-age insurance into effect in April 1987, but they still had not been implemented as of July 1989.

The reason, said an office clerk the township government, was unstable production situation in township enterprises suffers from.

Shengxian County, which is under the jurisdiction of the city of Shaoxing, Zhejiang Province, has introduced another old-age pension called "Labour Insurance Deposit." Created in 1985 by the Lincheng District Savings Bank, a branch of the county bank of agriculture, the new form of pension uses the highest interest rates provided by the bank to create greater added value than that could be obtained in other forms of savings to provide an income guarantee for old people.

Chen Zhengkan, who works at the savings bank, said that at current bank interest rates, if one, beginning at age 30, deposits 120 yuan each year for 20 successive years, he will get a return of 9,405.72 yuan of the principal and interest when he is 50 years old. In five years more, the total will be 16,431.26 yuan and, five years longer, the total would be 28,704.92 yuan. At that time, if he opens "Depositing Capital and Drawing Interest" account with the sum of saved money, he can obtain 357.36 yuan in interest every month. If he uses a "fixed deposit," he will have 421.95 yuan each month, enough to support himself in his late years. After death, he can leave about 30,000 yuan to his children.

This system is really a blessing for farmers, and has attracted many of them to open this kind of savings account. "It's not difficult for each farmer to save 120 yuan a year," said Wang Shunzhu, a farmer of the Shunhuangshan Village of Xianyan Township. "By the time we are old, we could have an interest income of several hundred yuan. Even if you have a son with a university degree, you can't ex-

pect him to send so much support money. With this kind of deposit, it's not necessary to have many children. If you are paralysed and bed-ridden, you can afford to employ someone to look after."

It's not surprising that the opening of "labour insurance deposit" has also facilitated the implementation of the family plan-

With the opening of "labour insurance deposit" in Shengxian County in 1985, the number of savings accounts and the amount of savings deposit have risen steadily. For three years, the number of savings accounts increased from 153 to 3,177, and the amount of savings deposit rose from 15,300 yuan to 502,710 yuan. Even in 1988, when, for a



Chen Zhengkan, a clerk of the Shengxian County Bank of Agriculture, handles "Labour Insurance Deposits" for customers. LOU XINYUE

ning policy. It's quite successful in freeing the farmers' mind of apprehensions about income source in their late years. It helps to get rid of such traditional ideas as "bringing up children with the aim to guard against troubles in one's late years," and "the more children, the happier one will be in his late years." Yang Jiafen, a cadre in charge of family planning work in Huangze District of the county, told Chen Zhengkan with genuine gratitude, "Your exploration is also a great support to our work."

period of time, there was a reduction in the amount of savings deposit in other areas caused by inflation, the "labour insurance deposit" provided by the savings bank still showed an upward trend. The number of savings deposit accounts went up from 689 in March to 779 in December, and the amount of savings deposit increased from 154,920 yuan to 174,490 yuan.

The "labour insurance deposit" also has the support of township enterprises as well as grassroots cadres. Yin Yuanhong, director of the Xinying Clothing

Factory in Shengxian County said, "The 'labour insurance deposit' plays a positive role in keeping workers and staff in township enterprises. Opening savings accounts of this kind for all of our workers and staff by the factory was greatly welcomed by workers." The factory outside of the county town is a collective enterprise which earns foreign exchanges through export of its products. However, workers were uneasy because the factory did not provide old-age pension for retirees as the state-owned enterprises do. But now, with "labour insurance deposit" behind them, workers feel a stronger sense of security. As a result, workers' enthusiasm for labour has risen and economic efficiency is improving. The factory is now expanding its workshops to meet a larger production scale. Zhang Zhangxing, Party branch secretary of Dongpu Village near the county town, said that they'll open savings accounts of this kind for youth and adults working in village-run enterprises within two or three years.

Yuan Hangming, president of the Bank of Agriculture in Shengxian County, said, "From the bank's viewpoint, the labour insurance deposit is a tedious work for the amount of money deposited is small, and the economic benefits for us are low. However, the work involves a wide range of fields, and will bring about tremendous social results. So we firmly support it."

According to Yuan, Zhejiang Provincial Bank of Agriculture has given instructions to all of its branches to start the "labour insurance deposit" business.

Recently, banks in Guangdong, Jiangsu, Liaoning, Hubei, Inner Mongolia and other provinces and autonomous regions have begun to draw on Shengxian's experience. ■

Physical Fitness: Theories and Practice

by Our Staff Reporter Cui Lili

At an international seminar on convalescence held in Beijing by the end of last year, I met Weng Weijian, one of China's best known experts on physical fitness and a professor with the Beijing Institute of Traditional Chinese Medicine. Weng, 58, with his steady steps, ruddy cheeks and loud voice, attracted the attention of many participants. When asked how he stayed in such good shape, he talked about the use, for the past thousand years, of traditional Chinese medicine as a means to stay healthy.

Theory and Applications

Physical fitness and convalescence is an integral part of traditional Chinese medicine. In clinical application, it is a means by which people suffering from chronic diseases and the disabled can recover by using comprehensive therapies such as diet, pharmaceuticals, acupuncture and moxibustion, *Qigong*, massage and adjustment of life style. As a matter of fact, many of the methods were developed for ordinary people to stay healthy.

To stay healthy means to prevent disease and ensure a longer life span. Theories of the traditional Chinese medicine attach great importance to disease prevention, and physical fitness is one of the major ways to achieve this.

Weng graduated from the Beijing Institute of Traditional Chinese Medicine in the 1950s and stayed on as a teacher. Since then he has thoroughly explored traditional Chinese health care and gained extensive clinical experiences. According to Weng, a large number of illnesses such as heart diseases, cerebrovascular diseases and tumours, are often caused by the patients' poor attention to health care, undisciplined living style, unhealthy behaviours and poor state of mind, and a neglect of nature's influence on the human body. Nearly all of today's medical literature, however, includes material on health care, calling people's attention to the relationship between good health and physical fitness. Special medical works on health care, historical classics and Buddhist works related to good health can be counted in the hundreds.

The idea behind Chinese health care is mostly derived from the principles of traditional Chinese medical theories. For instance, one of the basic ideas in traditional Chinese medical theory is the "harmony between nature and human beings," which advocates a wholistic understanding of man, nature, environment and society in analysing and treating diseases. Based on this principle, different schools of health care have been formed. Among them, the school of obe-

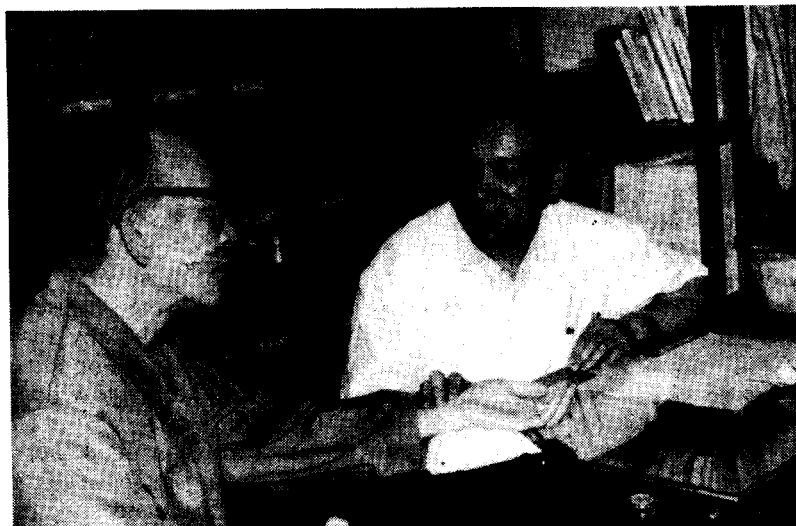
dience to nature and the school of self-cultivation are the most influential. According to the theory of the first school, many natural phenomena such as wind, cold, heat, dampness, dryness and fire are all exogenous pathogenic factors which can result in various diseases. Seasonal changes and differences between night-time and day-time, also can affect the human body. Consequently, this school advocates health care which takes into account the seasonal cycles. For instance, in spring time, one should avoid losing one's temper in anger to protect the liver; and in autumn one should ward off the cold to protect the lungs. It also advises people to keep away from strong wind, rain, excessive cold and heat. It suggests living exactly according to a timetable based on changes in nature such as the movement of the sun, moon and stars.

The school of self-cultivation holds that human state of mind is the main cause of disease. All kinds of human emotions such as happiness, anger, melancholy, sadness, fear and fright may cause diseases, if they are carried to extremes. Therefore, one of the most important methods of health care is to cultivate one's disposition. It further elaborates that one who wants to gain a longer life span must free himself from anger and sadness and deliberately direct his attention to recreational activities such as gardening, chess and music. Only by continually cultivating one's disposition can one enjoy good health and long life.

Keeping fit by means of physical exercise is the principle followed by another major school of traditional health care. Although there are different people with differing needs, they all follow the same basic principle, that is, slow exercise with no sudden, harsh movements; otherwise, one's health is harmed instead of



Professor Weng Weijian.



Doctor Chen Keji treats a patient.

improved. The famous Chinese doctor Hua Tuo (?-208) choreographed a therapeutic gymnastics movement called the play of Five Animals (ape, deer, tiger, bear and crane) which can strengthen the internal organs and activate the circulation of blood by imitating animal movements. These exercises are still practised today by many people and have proved to be especially effective.

Taijiquan, a kind of traditional Chinese shadow boxing, is also

one of the age-old exercises popular even today. Although the movements are slow, they are firm but gentle, combining motion and stillness, which is good for the cerebral organs. According to evaluations by contemporary researchers, people who do *taijiquan* for years have a strong disposition and seldom experience chronic disease. *Taijiquan* is now listed as one of the required physical education courses in many universities and colleges.

Qigong is also a good exercise for health care and is becoming all the rage in China and abroad.

Chinese health care is gaining weight in medical science with the development of preventive medicine. Its value and potentials are too great to be neglected. The main point is for people to foster a regular life style, exercise and cultivate a positive disposition in order to prevent disease, maintain good health and gain a longer life span. This is the final goal of medical science.

In 1987, China's first course in traditional Chinese medicine health care and convalescence was offered at the Beijing Institute of Traditional Chinese Medicine through the efforts of Weng and his colleagues. As department head, Weng emphasized traditional health care as the main subject of the course and, as instructor, taught food therapy and nutrition. So far about 100 students have majored in traditional health care at the institute. With the approval of the Ministry of Health, the Tianjing Institute of Traditional Chinese Medicine and the Nanjing Institute of Traditional Chinese Medicine have also been teaching traditional Chinese health care.

Food Therapy and Nutrition

Chen Keji is a professor with the Department of Internal Medicine in the Xiyuan Hospital under the Beijing Academy of Traditional Chinese Medicine. Chen, a year older than Weng, is an expert on Chinese pharmaceuticals and food therapy. I asked Chen to talk about food therapy and nutrition.

According to historical records, he said, the origin of food therapy dates back to the Chou Dynasty (1066-221 BC) which had a food doctor in the court.

Sun Simiao (581-682), a great Chinese doctor in the Tang Dynasty, attached great importance

to food therapy. He believed that pharmaceuticals could damage the balance of the *qi* (vital energy) and result in diseases but that food therapy could activate the vital energy and was therefore the most desirable treatment.

In the Song Dynasty (960-1279), food therapy became an independent branch of traditional Chinese medicine. A very popular piece of medical literature lists 162 therapeutical food prescriptions, which makes up more than 70 percent of the book's content.

From the time of the Ming and Qing dynasties (1368-1911) to the present day, a large number of health care books have been published and the theories and methods gradually perfected. The target clients were those in good health, except the elderly, the weak and the diseased.

Chen studied Western medicine at the university in the 1950s and began to engage in traditional Chinese medicine after graduation. For several decades, Chen has devoted himself to the study of food therapy and nutrition, having written or edited a few dozen works totalling about 1 million words.

According to Chen, food therapy has two connotations: avoiding pharmaceuticals and staying in good health through a balanced, disciplined diet. Traditional therapists say that one can be free from disease by eating, at fixed intervals and in moderate quantities, more fresh fruits and vegetable than meat.

Foods, in the eyes of ancient Chinese doctors, were often used as medicines. For instance, the famous Chinese pharmacologist Li Shizhen (1518-1593), in his *Compendium of Materia Medica*, listed several hundred kinds of food such as millet, meat and fishes and made detailed explanations of their therapeutic properties.

Special publications on food therapy have detailed explanations on the medical effects of some of the more common food-stuffs. For instance, mushroom can increase one's appetite, dispel phlegm and regulate the circulation of vital energy. Jellyfish can reduce internal heat and remove dryness. Soybeans are good for spleen and celery activates the circulation of blood. Since the founding of the People's Republic of China, many kinds of therapeutical foodstuffs such as poris cocos cakes, hawthorn sweets, dates and grains have been produced throughout the country. In some places, special factories have been set up to produce health foods.

Contemporary researchers began to study the relation between food therapy and cosmetology. The most outstanding advantage of food cosmetology is that it has no side effect and, for example, if one keeps eating porridge made of a kind of rice called "Yiyi" for one month, the quality of his skin can remarkably improve.

The so-called medical meal is a combination of pharmaceuticals and food, cooked in a way so that the original flavour of the food is preserved, which is of a highly therapeutic value.

Most of the pharmaceuticals used in medical meal are tonics. For instance, polygonum multiflorum can reduce fat and beat atherosclerosis and accelerate the growing of cells. Ginseng can vigerate the functioning of the brain.

The prescriptions are numerous. Currently, medical meal restaurants are open in many big cities, including Beijing, Wuhan, Chengdu, Guangzhou and Xiamen. And, in Guangdong and Fujian provinces, where people have a tradition of using tonics, medical meals are not something special but rather the common fare for ordinary families. ■

Huge Population: A Political Edge

QUNYAN
(Opinions of the Masses)

When assessing China's prospects for the 1990s, one must first understand the conditions of China, a populous country still in the primary stage of socialism.

In the past the prevailing philosophy was "the more people the better the nation." This has resulted in today's population situation that is difficult to handle.

Many see China's large population as a disadvantage and the root cause of the country's poverty and backwardness. But it is high time to stop being pessimistic about the future and look at China's large population as an asset.

A large population should be viewed as a great political advantage.

Powerful political and economic pressures from foreign countries have been unable to overwhelm China since the founding of the People's Republic of China in 1949. This is mainly because of socialist China's large population.

The advantage of a large country is that it can concentrate its human and financial resources on running businesses that are beyond the capabilities of small, economically backward countries. The advantage of a large population lies in the fact that the abundance of manpower can be used in developing production and improving the environment.

For a large, populous country, however, there are prerequisites for the demonstration

of its political and economic advantages.

First, there must be a cohesive force. Otherwise, the larger the population, the more it is a "like a sheet of loose sand," in a state of disunity. The most important factor for a cohesive force is the leadership of the Chinese Communist Party.

Second, China, with its vast territory and large population, needs to seek common prosperity for its 1.1 billion people. This can only be gained by taking the socialist road.

Third, it is necessary to have a talented population. The key to this end is giving adequate attention to education to raise the educational level of the entire nation. If tens of millions of talented socialist builders with a medium educational level can be trained in China by the end of the century, then the country will have taken on a new look.

(Issue No. 1, 1990)

Rural Students Want Education

JIAOYU SHIBAO
(Education Times)

Students in rural China want their many years spent in school to be an enjoyable experience as well as educational. And one of the main things rural students would like their schools to offer is a quiet study environment.

In general, conditions in rural middle schools throughout China are poor. Many

schools are not enclosed by walls, thus making for a noisy environment. Voices of peddlers selling ice lollies, deep-fried dough sticks and steamed breads echo through the schools. Some peddlers even walk into the classrooms and dormitories to sell their goods.

There are several other problems in rural schools including a shortage of qualified teachers and a lack of useful extracurricular reading material.

Schools are so short of funds they cannot afford to buy books and reference materials.

Many schools also do not offer regular cultural and recreational activities, such as music, physical and health education and fine arts. This is because of a shortage of professional teachers. As well, playing fields are often too small and sports equipment is in short supply.

Rural students feel neglected. Generally, rural middle schools are far away from towns, so students seldom have opportunities to see leaders from the Chinese Communist Party and Youth League organizations to lodge their grievances.

Rural students want to be independent and take the initiative in their own studies. Prompted by the desire to enter college or university, students find their entire time is taken up by study and homework. Therefore, it is impossible for them to do anything else.

Rural students also want to be understood by society, their parents and their teachers. Among rural junior middle school graduates only

about 35 percent go on to senior middle schools, and only 5 percent of senior middle school graduates enter universities or colleges. They seek understanding from their parents, teachers and society for their poor school records, inability to pass exams and failure to attend schools of higher education.

The students want the government to ease the economic burden on their parents. Rural students now have to pay numerous fees before they can enter middle school. This, indeed, is a heavy economic burden for rural middle school students and their parents.

(December 21, 1989)

Shaoguan Jail's Female Inmates

ZHONGGUO LAONIAN
(China's Elderly Daily)

Hard-core criminals at a prison in South China's Guangdong Province, many of whom are women, are being given the chance to improve their lives.

The prison is in Shaoguan City and all of the province's female prisoners are incarcerated there. About 70 percent are under 35. The prison houses some male inmates as well. The main crimes of the female inmates include burglary, fraud, robbery, murder and drug trafficking. Many swindlers and smugglers in the prison are from Hong Kong and Macao.

There are about 400 illiterate inmates in this prison, more than 60 percent of them being female. Nearly 340 prisoners have an education level no higher than junior middle

school, and only 30 female inmates reached that level in school.

Many of the female prisoners have fierce and malicious natures. Out of a team of 260 female prisoners, 30 percent are murderers. They often attack each other or try to commit suicide, and are extremely hard to control.

But there is hope for the future. Last year, a programme was introduced to help the inmates get a new lease on life. The programme allows inmates to reduce their sentences, provided they meet certain conditions.

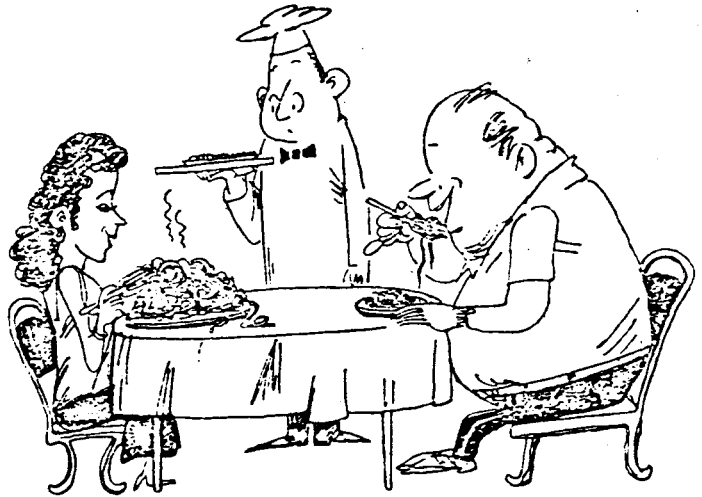
In 1989, the prison leaders started a general survey whereby each prisoner is reviewed every three months to see whether their sentences can be reduced. The prisoners are given marks for study, work and behaviour. Those who do well in all three areas are given high marks. The basic mark is 100. If, over a three-month period, a prison-

er gets 180 marks her sentence can be reduced. In one case a woman who was given a life sentence improved so much in the three categories that her sentence was reduced to 20 years. Good behaviour, work and study marks can lead to two years lopped off a sentence every three months.

In the prison, there are more than ten workshops for such occupations as weaving, sewing, machine tool, wine-making and motor vehicle servicing. The prisoners work as well as study and must learn a skill, which will provide material wealth when they leave prison. There are also some financial benefits for quality work. Most female prisoners work in the clothing and weaving workshops.

Inmates must also study Chinese and technology. The prison provides literacy classes at the primary and junior middle school levels. There are also more than ten special

Contrast.



ZHUANG XILONG

technical classes, such as tailoring, cookery, building, household appliances and medicine. And the prisoners' school record is recognized by the state. About 98 percent of the prisoners enrolled in the classes, and the attendance record was a remarkable 98 percent. About 73 percent of the prisoners received a passing grade.

During the day inmates wear their prison uniform. At times when they wear their own clothes they must put a white square mark on them. Some prisoners can even earn extra money. The quality and the quantity of their work can lead to a bonus, sometimes as high as 400 yuan a year. Their food, output, bonuses and kindnesses to each other are all publicized because the inmates publish their own monthly newsletter entitled *Make a New Life in Shaoguan*. They can also write down their questions and problems with custodians and slip them into a "Suggestion Box." A female prisoners' education and turning over a

new leaf depends on the female custodians.

(November 29, 1989)

Medical, Health Goal for 2000

ZHONGGUO HONGSHIZI
(China Red Cross)

Bearing on mind the economic level China hopes to achieve by the year 2000, the Chinese government and medical scientists are aiming to improve public health work of the nation in six areas.

1. They hope to establish and perfect urban and rural medical and health networks, improving the quality of work and meeting the needs of the people.

2. They aim to provide everyone with safe drinking water, and see that all garbage is treated. Wider publicity and education on nutrition is planned so that urban and rural people can regulate their diets and raise their level of nutrition. A proper inoculation programme for children

is also planned to protect them against infectious diseases.

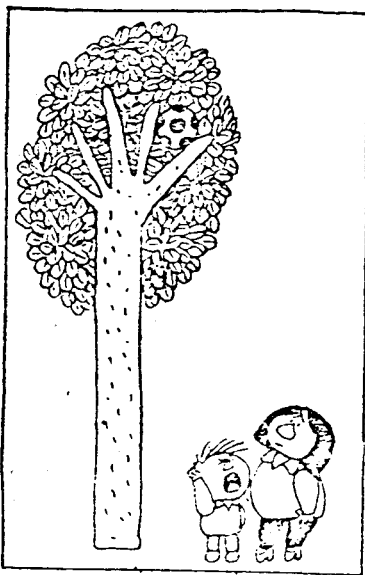
3. The prevention and control of major diseases is to be increased with an eye towards eliminating major diseases completely. For non-infectious diseases related to environmental pollution, efforts are to be made to reduce the incidence of these diseases and the death rate.

4. To reduce the incidence of disease and the death rate of women during and after pregnancy, more pre-marital physical checkups and genetic consultancy will be conducted. Pre-natal and post-natal care will also be improved.

5. Another aim for the year 2000 is the development of gerontology and recuperative science and the establishment of health organizations for the elderly. This is to ensure medical care for them so that they can spend their remaining years in happiness.

6. People must be encouraged to be hygiene-minded, keep fit and help to eliminate factors that cause disease. To this end health education will be improved.

(Issue 187)



More Foreign Technology Needed

Although China will continue to implement the policy of economic consolidation and rectification through 1990, the pace of introducing advanced foreign technology will not slow down, said Xie Yangan, deputy director of the Department of Foreign Economic Relations and Trade under the State Planning Commission. The stress of technology imports for 1990 is as follows:

- Introducing the latest advances of technology for the establishment of a group of scientific research centres in the field of high-energy physics, electronics, bio-engineering, space technology, maritime engineering and new materials.

- Importing new and key technology for such basic economic sectors as energy, transportation, raw materials, post and telecommunications, and agriculture.

- Bringing in new technique, materials and facilities that can help improve the quality of export products.

In technology imports, said Xie, the emphasis will be on design and manufacturing technology so as to promote the development of new equipment and new products, and improve the quality of products. In addition, more software technology will be imported in the future.

While importing more technology from abroad, China will strengthen the absorption of imported equipment in order to gradually increase the degree of domestication in production, especially in the field of basic parts and com-

ponents of machinery, electrical equipment and standardized devices so as to keep enterprises technically in the top rank and the national economy dynamic. ■

CATIC Objects to Mamco Decision

Recently, the China National Aero-Technology Import and Export Corporation (CATIC) announced its regret on the decision by the United States to rescind CAT-IC's ownership on the Mamco Manufacturing Inc. The company pointed out that the decision damaged the established economic relation between the aeronautical circles of the two countries and would produce adverse effect on future co-operation between the two sides. Accordingly, the CATIC said, any losses incurred therefrom should be borne by the United States.

The declaration stressed that CATIC's purchase of Mamco Manufacturing Inc. was solely a commercial activity within the US civil aeronautical field, and that the entire procedure was completely in accord with both federal and local laws of the United States.

The declaration noted that Mamco was a manufacturer of spare parts for civil airplanes and that Mamco didn't own any industrial property rights except for ordinary processing equipment. The purchase of Mamco thus did not involve the possible leak of high technology, nor constitute damage to or threaten the security of the United States.

The Mamco Manufacturing

Inc., located in Seattle, Washington, is the third biggest spare parts-manufacturing factory of the Boeing. The Catic Industry Inc., affiliated to the CATIC in the United States, purchased Mamco last November. On February 2, however, the United States government asked CATIC to relinquish its ownership of Mamco on the ground of national security. ■

Foreign Insurance Business Expanded

In order to satisfy international demands, Qin Dao-fu, general manager of the People's Insurance Company of China (PICC), announced at a recent press conference in Beijing that his company will aggressively expand its insurance services for border trade, develop an international reinsurance business, expand the scope of export credit insurance and emphasize support for machinery and electrical equipment export in 1990.

Qin noted that in 1989 his company had opened new types of foreign business insurance including political risk insurance for investments, insurance for business suspension, insurance for contract performance guarantee and insurance for export credit. The income from this coverage reached US\$410 million, up 3.8 percent over 1988. Of this total, the income for traffic insurance was US\$216.8 million, accounting for 52 percent of the total, first on the list. Non-marine insurance followed with US\$138.72 million, accounting for 33.8 percent. Currently, the foreign insurance income makes up some 13 per-

cent of PICC's total proceeds.

China's biggest insurance company, PICC has set up more than 30 branches, offices and agencies in Hong Kong, Singapore, Macao, London, New York, Hamburg and Tokyo and has a wide overseas market. For customers' convenience, PICC has appointed more than 56 hull surveying and claims settlement agents to supplement the more than 300 cargo surveyors and settlement agents in the world's major ports. It has also been accepted by more than 140 insurance companies including Lloyd's of London to act as their agent in China. PICC is capable of providing nearly 100 types of business insurance, highly desired by international customers.

According to statistics, PICC has paid out US\$160 million in claims, and kept a good record for timely and reasonable payment of claims abroad. ■

Tapping Markets For Non-metals

Given the world's increasing demand for non-metal products, China attempts to carve out a bigger share of the international market. The China Non-metal Products and Stone Materials Exhibition held in Bangkok, Thailand on February 20 was part of the effort to expand its share of Southeast Asian market.

The exhibition, attended by 33 enterprises and scientific research institutes affiliated to the China National Non-metal Minerals Industry Corp. (CNMIC), demonstrated China's production standard and technical ability in

processing non-metal mineral products and some stone materials.

According to Deputy General Manager Song Jing, China's biggest non-metal products importer is Japan, followed by the United States and the Federal Republic of Germany. In the future, the CNMIC will emphasize the development of the Southeast Asian market and the European market. Experts predict China's exports to Southeast Asia at US\$200 million every year.

Song said China has the advantage of expanding non-metal products export. Many non-metal ores are located in the coastal areas and so export-oriented enterprises can readily take advantage of the supply to expand export. At present, 4,700 locations have been verified to have deposits of more than 80 non-metal minerals. Of these, the output of graphite, fluorite, talc, barite, asbestos, magnesite are among the world's top ranks. Based on these advantages, it is possible for China to expand its share of the international non-metal ores and products market.

Up to now, China has exported non-metal ores and products to more than 50 countries and regions and netted a total of US\$2 billion from 1986 to 1989.

by Li Ming

Lawsuit Network for Foreign Investors

A lawsuit network for foreign-funded enterprises was set up recently in Shanghai in order to improve the investment environment and safeguard the

legitimate rights and interests of both Chinese and foreign investors.

During the business activities of investment, production, operation and settlement of assets, when foreign investors and personnel have a divergence of views with particular units, or meet other difficulties, they can submit their problems to the relevant government organization at any time for a resolution.

Shanghai has announced a 22-point appeal procedure for foreign-funded enterprises; the city has also set up 67 organizations to handle complaints under the guidance of the newly established Shanghai Co-ordinating Centre for Foreign-Funded Enterprise. The centre consists of officials from relevant municipal government departments.

Foreign investors can bring a lawsuit directly to the relevant department or, if they are abroad, through the help of their agents in Shanghai. According to the procedure, the organization that accepts the appeal should notify the litigant of its decision within a month. If the litigant disagrees with the decision, the organization should reconsider the decision and respond to the litigant within 20 days. He may appeal the lawsuit centre to reconsider the decision once again.

Statistics show that by January this year, foreign businessmen from 22 countries and regions set up 717 joint ventures, co-operative enterprises and wholly foreign-funded enterprises in Shanghai. The direct investment reached US\$2.5 billion.

More than 400 disputes and complaints involving invest-

ment, production and operation were satisfactorily resolved in Shanghai in 1989, with the result that 98 percent of the city's foreign-funded enterprises, the highest percentage compared with other cities, operated very well.

by Kou Zhengling

Zones Earmarked For Taiwan Investors

Zones for Taiwan investors would be constructed at double speed, stressed Zou Erjun, mayor of Xiamen, Fujian Province, in early February.

Zou said that in 1990, Xiamen will speed up construction of infrastructure at Xinglin and Haichang, two districts using investment from Taiwan businessmen. The ports and international airport, programme-controlled telephone system, and water supply system will be expanded; a bridge and power station constructed; and the power transforming system updated.

Zou said that starting this year Xiamen would try to attract several large projects by offering more preferential treatment. At the same time, Xiamen will encourage direct investment by foreign businessmen, the establishment of foreign-funded enterprises and the increase of foreign investment as a proportion of the co-operative enterprises.

To further improve the investment environment, Xiamen will concentrate on dealing with those areas foreign businessmen consider most problematic, speed up the project examination and approval procedure, and adjust harbour transportation.

In 1989, Xiamen ratified more than 130 contracts for Taiwan-funded enterprises. The investment totalled US\$490 million, US\$480 million of which was from Taiwan businessmen. By the end last year Xiamen had ratified 237 Taiwan-funded enterprises with a total investment of US\$700 million, of which 90 enterprises are in operation.

by Li Ming

Best Fuelling Device To Enter Market

A new fuel injection system for motors, produced by the Xinye Machine Electron Co. Ltd. of Guangdong Province, is the focus of the foreign business attention after it was shown at the international exhibition of new engine technology held in Beijing at the end of last year. At present, the company is conducting various negotiations with foreign businesses and preparing their products for the international market.

The fuel injection system is a fuel control mechanism. It can automatically vary the amount of fuel supply according to the load change on the engine during driving. More than 85 percent of the driving time is under automatic fuel control. The use of the product can generate a fuel saving of 8 percent, and reduce by 10-20 percent harmful pollutants such as carbon monoxide and smog from the exhaust gases. It can also shorten braking time by 0.2 to 0.5 second.

The fuel injection system is a new invention and China has applied for patent in the United States, Federal Germany and Japan. It is currently the most advanced device

of its kind in the world.

The company's general manager said that in addition to marketing the product on the international market, the company would like to provide the technology to foreign clients or co-operate with them in production.

by Li Ming

News in Brief

- The French government decided to resume its insurance for export credit to China in February, which was suspended after a decision was made at the European Community Summit held in Madrid, Spain in June 1989.

Britain and Spain had previously resumed their insurance business for export credit to China.

- According to statistics, 96 foreign banks and 24 other financial institutions from 26 countries and regions have set up 209 representative offices in 14 Chinese cities.

There are another two Sino-foreign financial joint ventures and 27 branch offices of foreign financial institutions established upon the approval of the People's Bank of China.

- The Shanghai Trust and Investment Corp. has signed a US\$20 million credit agreement with five foreign banks including some based in France and the Netherlands.

It is the first medium-term commercial credit provided by foreign banks to Shanghai's financial institutions since China quelled the counter-revolutionary rebellion in Beijing last June. Credit terms are relatively favourable and the fund will be used for the technological transformation of Shanghai's industry. ■

Institute Preserves Literary Heritage

The words "behold, thou art my brethren" would sound ridiculous and desperately archaic to a 20th century Englishman.

But almost all 20th century Chinese writers and scholars wrote in that way, of course in Chinese, before the May 4th New Cultural Movement around 1919.

Modern Chinese literature, based on up-to-date vernacular, has therefore played a very important part in changing the Chinese way of life.

But over the past seven decades, many of the works, manuscripts, materials and documents of modern Chinese literature have been reduced to ashes or lost in wars and social chaos.

The "revolution" under the name of culture in the mid-1960s, in particular, created havoc for Chinese writers as well as their works and manuscripts.

At the time, "we destroyed our works, manuscripts and letters as if they were rats," remembered Ba Jin, a Chinese literary giant, whose works have inspired millions of Chinese youths in their struggle to break free from millennia-long mental shackles.

"We must set up archives of modern Chinese literature so that we no longer travel all the way to the Congressional Library in Washington, or libraries in Paris, London and Tokyo merely to find materials and documents of modern Chinese literature," Ba Jin said in 1981.

His call was widely answered and, as a result, the Institute of Modern Chinese Literature was founded in Beijing on March 26,

1985.

Five years have passed since its founding and the institute, a document as well as a research centre, has developed significantly. Currently about 170,000 literary works, documents, materials, letters and photographs are stored in the institute, according to its director, Shu Yi.

"We intend to turn the institute into a window displaying all the magnificent achievements since the May 4th New Cultural Movement," Shu said.

"The word 'all-embracing' is our guideline in gathering the works and materials," he said.

As a result, all writers are objects for material-gathering, regardless of their political attitudes and styles.

You can find the books of "progressive" writers such as Ba Jin, Mao Dun, Lu Xun and Guo Moruo as well as those belonging to the "reactionary camp" or the school of "mandarin duck and butterfly"—Chinese symbols of love. (The school was a literary one popular in the first half of the century and devoted to sentimental romance. The latter includes Dr Hu Shih and Zhang Henshui.)

A "literary treasure house" system similar to a special library, has also been introduced: when a writer contributes a large number of books to the institute, an archive named after him or her is established, Shu said. Almost all the major writers have generously donated their books, diaries and letters to the institute and accordingly have their own "treasure houses." When a writer donates only a few dozen books,

a "minor treasure house" (actually a shelf) in his or her name is also set up, according to Shu.

The institute boasts all the available works, private papers and manuscripts of 1,000 Chinese writers since 1919.

"Our archives cater more for writers and literary researchers than to the general public," said Shu. He said more than 100 researchers come to the institute to do research work each year.

Senior writers are fairly generous in donating their books and money to the institute because they consider it a grand undertaking vital to the boom in modern Chinese literature, Shu said. Ba Jin, for example, has donated 6,000 books and 170,000 yuan.

In contrast, young and middle-aged writers are lukewarm to the idea of donating to the archives. "This is because they think their day is yet to come and they are not eager to establish their positions alongside senior writers in the archives," Shu Yi said.

The institute can be found in the Wan Shou Temple literally (Temple of Longevity) a residence in western Beijing for the Empress Dowager on her journey from the Forbidden City to the Summer Palace. Its wooden structure is neither moist nor fireproof and in no way fit for storing precious documents. "But we have no money to upgrade the facilities," Shu Yi said.

Moreover, the indexing system is still based on hand-written cards. "This should also be urgently computerized," Shu said, "But we have no money." We need the help of literary people as well as the government. ■

China Fights Against Computer Virus

A computer programme named "Tengwange" has been developed in an effort to combat viruses that have caused havoc for China's computer users.

Developed in Nanchang, Jiangxi Province, and named after the 1,000-year-old Tengwange Pavilion, the programme is designed to control computer viruses with such names as "stoned," "Pakistan brain" and "pingpong."

Programmed chiefly by Zhou Zhenquan of Jiangxi Publishing Bureau, the system can not only detect computer viruses but remove them automatically. After the Tengwange disk is loaded in a computer, any virus present will be removed and the machine will be immune to future infection.

Experts attending a trial run of the Tengwange programme in Nanchang concluded that due to its precise diagnosis, wide applicability and simple operation, the programme has a bright future.

Chinese computers have been suffering from computer viruses since the first half of 1989. A few months ago, some of the PC and Great Wall 0520-CH computers at Beijing Medical Sciences University were put out of order after being infected by the "pingpong" virus.

Computer viruses are programmes that distort the computing process; it is as if an infected computer believes two times two equals five. Because a harmful disk can be used in many different computers and because computers are often linked to a big network, viruses can spread quickly, just like a biological infection.

After the Beijing Medical Sciences University was hit, other universities and research insti-

tutions found themselves under attack. According to computer specialists, micro-computers using 8086 and 8088 chips are the main targets of the "pingpong" virus.

Statistical units at the prefecture, city and county level in 21 provinces and municipalities have discovered the "pingpong" virus, a situation that has aroused deep concern in Chinese computer circles. Experts have warned computer users against the viruses and have taken appropriate measures to solve the problem.

Many domestic computer firms have developed programmes that enable their customers to detect and remove virus-

es and prevent their machines from being damaged. According to Zhu Hongchen, manager of the sales department of the Beijing Syntone Software Engineering Corp., his firm has not only developed an automatic processing programme to deal with the five most common computer viruses but also worked out a scanning system to detect and locate 28 different kinds of virus. If a virus turns out to be one of the five common ones, it can be eliminated automatically.

Owing to the wanton copying of disks, Zhu said, the number of infected computers has kept increasing.

Syntone has now gathered researchers to catalogue the existing computer viruses in China so that they can be studied and eliminated.

by Wei Liming

Rock Concert at A Stadium

A major rock concert, entitled *1990 Modern Music Concert* was staged at the Capital Gymnasium on February 17 and 18. night.

The concert gathered six of the city's best rock bands, including ADO, 1989, Tang Dynasty, Breathing, COBRA, and Darling Brothers.

Rock music came to China about ten years ago and has become popular, especially among the young people. There are now at least ten rock music bands in Beijing, and thousands of rock music fans.

ADO, with its star singer Cui Jian, is considered the most successful local band.

Four members of 1989, Qin Yong, Zang Tianshuo, Qin Qi and Li Li, grew up as childhood friends and were part of the first batch of Chinese rock musicians several years ago.

Last year, they met with Jin Dayou and Lu Jisheng from the

United States and formed 1989. Band members say they emphasize the expression of true feelings.

Tang Dynasty seeks a "heavy metal" effect. The musicians, represented by Ding Wu and Zhang Ju, are best known for their skills in merging their feelings with their music themes.

Breathing has put together a number of pieces in recent years that are very exciting. Its members, Wei Hua, Gao Qi and Cao Jun, have secured a place in Chinese rock music circles.

Darling Brothers was set up by singer Chang Kuan, bass player Chen Jin, and drummer Zhao Muiyang. Their music is known for its vigour and joy.

COBRA is China's first and only women rock band, and has a unique style. Its drummer Wang Xiaofang and keyboard player Yu Jin have become two of the most popular rock musicians in Beijing.

by Xiao Lian

Ancient Bell: A Witness of Beijing History

Some big bells were cast in China in ancient times, and for the last 600 years, people have believed that the bell in Beijing's famous Great Bell Temple is the largest in the country.

But in April last year, experts examined another bell—the one in the Bell Tower to the north of the Forbidden City—and got the following information: It is 5.55 metres in height, 120 to 275 millimetres-thick and weighs about 63 tons. It is 100 millimetres wider at the diameter of its mouth, its wall is 60 millimetres thicker and it is 16 tons heavier than the famous bell in the Great Bell Temple. So the bell in the Great Bell Temple could, in fact, be only the second biggest in the country.

The Bell Tower and Drum

Tower were first built in 1272 during the Yuan Dynasty (1271-1368) and were destroyed in a fire. In 1420, during the Ming Dynasty (1368-1644), they were rebuilt and the bell was casted. Unfortunately, they were destroyed again in a fire, but the big bell was saved. The present Bell Tower and Drum Tower were built in 1745 during the Qing Dynasty (1644-1911) in the reign of Emperor Qianlong and the big bell of the Ming Dynasty was removed.

The bell and the big drum in the Drum Tower worked as clocks in those ancient times. When the bell rang in the morning, the nine gates of the inner city wall of old Beijing would open one after another. At that time, the night was divided into five periods of two

hours each. They were called *xu* (from 7 to 9 pm), *hai* (from 9 to 11 pm), *zi* (from 11 pm to 1 am the next morning), *chou* (from 1 to 3 am) and *yin* (from 3 to 5 am).

At the start of the *xu* period, both the drum and the bell would be sounded. From the second (*hai*) to the fourth (*chou*) period, only the drum was beaten. At the fifth (*yin*) period, both the drum and the bell were sounded again. For each of the periods, the drum alone, or together with the bell, would be beaten 108 times.

The drum and bell sounds were also used as curfew signals in the night. According to the historical records, the drum and bell sounds of the first period meant the beginning of the curfew and the sounds in the fifth period meant its end.

by Liu Shu

Non-Scalpel Vasectomy Recognized

Non-scalpel vasectomy," a technique invented by Chinese scientist Li Shunqiang, was praised at an international seminar held at the end of last year in the Thai capital of Bangkok.

More than 60 experts representing eight international health organizations and 15 countries, including Brazil, the United States and Britain, took part.

Li Shunqiang, now 53, is director of the Family Planning Research Institute of Chongqing in Sichuan Province. In 1971 he invented the "chemical vas occlusion" method and in 1976 he developed the "vas forceps puncture" method.

Compared with traditional vasectomy techniques, where the vas deferens is severed surgically, Li's

methods, generally referred to as non-scalpel vasectomy, have obvious advantages.

They require no scalpel and cause little bloodshed. As a result, patients are more relaxed and side effects are greatly reduced. The success rate of the non-scalpel method is 98 percent. The technique is also economical, costing only 10 yuan (less than 3 US\$).

After visiting Li's clinic in Chongqing, Dr. Mark Goldstein of Connell Medical Centre said the technique was a medical wonder.

An American doctor named Sharp developed the single incision vasectomy in 1899 and it has dominated the field for almost a century. Scientists said, however, that Li's non-scalpel vasectomy represented a breakthrough.

The International Voluntary Sterilization Association has recognized Li's method and recommended it to its ten sub-institutions around. Officials of the Asian and Pacific regional commission of the international family planning association wrote to its general office asking that non-scalpel vasectomy be used in its 128 member countries.

Thailand has designated December 5, its king's birthday, as Vasectomy Day and made Li's non-scalpel vasectomy the official method.

According to incomplete statistics, more than 8.6 million people have had the operation. Reliable sources say that the United Nations Fund for Population Activities is ready to provide US\$450,000 to Li's institute to train doctors from 21 Asian, African and Latin American countries in the next three years. ■

A Hotel Next to Tiananmen

In March last year Beijing Hotel's Palace Tower Hotel, a 5-star luxury hotel jointly owned by Beijing Hotel and Henry Y.T. Fok Investment Ltd., unofficially opened for business. The hotel, only located 500 metres east of Tiananmen, gives one a clear view of Tiananmen, the Square and the cluster of ancient architectural buildings of the Forbidden City.

The Palace Tower Hotel's 218 suites of rooms include standard and both regular and presidential suites. The facilities in the guest rooms are elegant, comfortable and convenient. Each room also has a miniature safe, a feature rarely seen in other Beijing hotels.

The Palace Tower's daring Chinese and Western design, though novel, has a harmonious feeling. Typical of this style is the atrium garden with its two striking 30-metre-high marble pillars, reminding one of the Italian architecture of the Middle Ages, yet also exuding a sense of Chinese mythology by the placement of 12 animal statues around the fountain which represent the 12 Earthly Branches.

There is a first-class Chinese restaurant, a cafe, coffee bar, bar and a tearoom in addition to several health and recreational facilities.

Because the hotel's complete service amenities are excellent, it was accepted at the end of 1989 as a member of the Leading Hotels of the World. This is the second hotel in China after the White Swan Hotel in Guangzhou to be admitted to this group.

Ms Zhang Xiaoling, manager of the public relations department, recently said, "Our hotel is highly suitable for both group

and individual tourists coming to Beijing. Even when we were not officially open for business last year, many famous politicians, businessmen, and artists stayed here. The chairman of the International Olympics Committee, president Samaranch, is scheduled to stay in the Palace Tower Hotel this September while the 11th Asian Games are held in Beijing."

by Han Baocheng

Wunster Group Visits Beijing

The 108-member Wunster SPA Cultural Exchange Reward Group of Italy, hosted by the China International Travel Service Head Office, visited Beijing and Shanghai in later February. This is the largest travel group from Europe this

year.

During their stay in Beijing, the group visited Tiananmen Square, the Summer Palace, the Great Wall and the Ming Tombs. Although the weather was not ideal, their enthusiasm was high. Dr. Massimo Von Wunster, the leader of the group and director of the market department at his beer company, said that all but one person in the group had come to China for the first time and that he intended to bring his wife to visit Guangzhou, Xian and other places. The other members in the group had similar ideas.

The guests were accorded a warm reception in the Great Wall Sheraton Hotel. The hotel took special care to arrange typical Beijing-flavoured dishes and provide programmes of Chinese entertainment.

The Wunster SPA, established in 1879, is one of Italy's major beer companies and has an annual output of 120 million litres, the third largest in Europe.

by Han Baocheng

Astor Hotel Wins Prize

The Astor Hotel, a joint venture with Hong Kong in Tianjin, recently won the 15th International Outstanding Tourist Hotel prize in Madrid, Spain, the first hotel in China to be so honoured.

The prize symbol is a gold plated cow. The judging committee was comprised of members from the International Entrepreneurs' Club (IEC) and the International Publishing Co. The IEC, with its over 7,000 members coming from

more than 120 countries, is an organization of world representativeness. The decision on the prize recipient was based on comments from international tourists, international banks and other information.

The Tianjin Astor Hotel, opened in 1895, now has 230 guest rooms. Dr. Sun Yat-sen (1866-1925), the Chinese democratic revolutionary pioneer, once stayed here when he was the country's interim president.

by Han Baocheng



A Rural Barbershop.

Farm Paintings by Zhang Fengling

Zhang Fengling, a rural girl born in Tianjin in 1970, now lives in the northern suburbs of Tianjin. Her works express the local life and new look of the rural areas.

Laying the Foundation.

ART PAGE



Weaving a Straw Curtain.



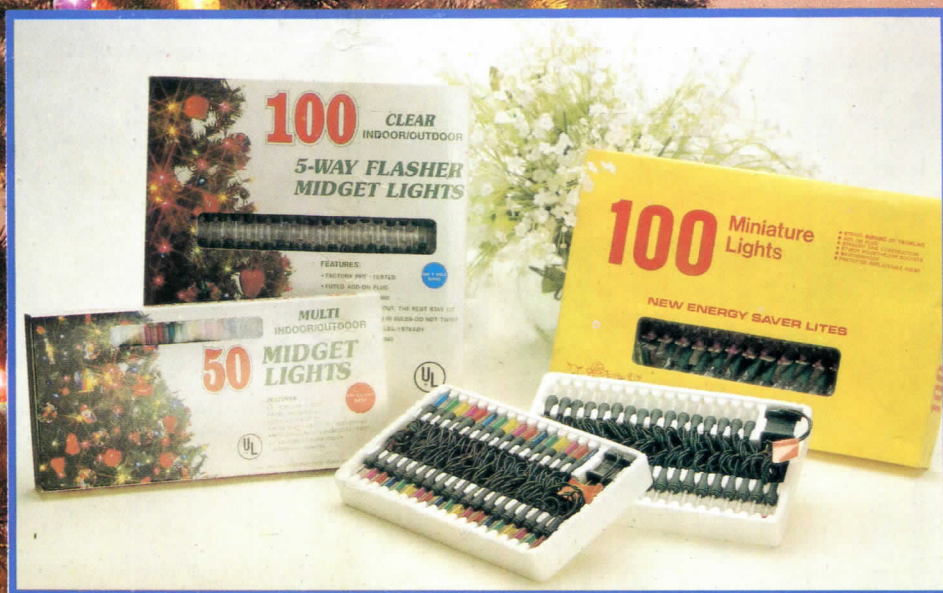
A Slaughter House.

ST-Brand Fairy Lights



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