

A CHINESE WEEKLY OF NEWS AND VIEWS

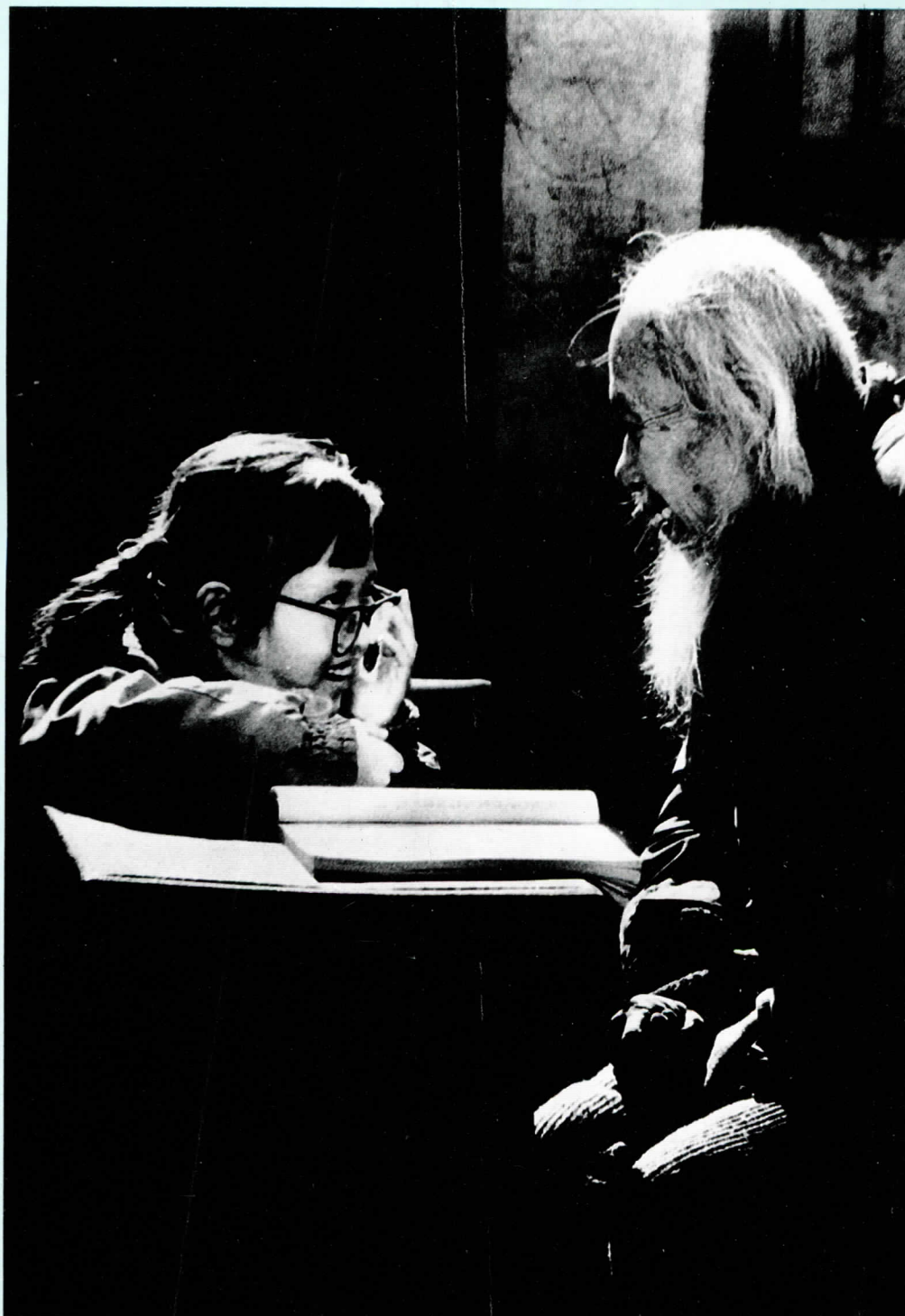
# Beijing Review

北京周报

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## HOUSING CONSTRUCTION AND REFORM

China's Development  
Blueprint



Two generations share the joy of family happiness.

*Photo by Hu Kaiyong*

# HIGHLIGHTS OF THE WEEK

## China's Blueprint for 1991-2000

□ The Outline of the Ten-Year Programme and the Eighth Five-Year Plan adopted at the Fourth Session of the Seventh National People's Congress sets the nation's general goal for construction and development in the next decade. By the year 2000, China will register all-round political, economic and social progress and enter a new stage of development (p. 14).

## China Sticks to Reform

□ During a recent meeting with visiting Australian Minister of Foreign Affairs and Trade Gareth Evans, Chinese Premier Li Peng stressed that China will carry out political reform while continuing its current economic reform. Both leaders exchanged views on friendly relations between the two countries (p. 5).

## Commercialization of Housing Speeds Up

□ The Chinese government has decided to speed up the pace of housing reform this year by raising rents, encouraging individuals to buy houses and putting more funds into housing construction. These steps will also generate individual investment in the real estate market (p. 20).

## New Tax Law Favours Foreign Enterprises

□ The new Income Tax Law for Enterprise With Foreign Investment and Foreign Enterprises replaces two separate income tax laws enacted in the early 1980s. The new law is made in a way not to increase the tax-payers' burdens or affect the favourable treatments accorded to foreign investors (p. 26).

## USSR Seeks Co-operation with US in Asia

□ Since Mikhail Gorbachev took office, the Soviet Union has adjusted its policy towards the United States in the Asian-Pacific region. The purpose is to reduce military hostility with the United States and participate in economic co-operation in Asia. However, the improvement in bilateral relations is not yet satisfactory to Moscow (p. 11).

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**COVER:** The Fangzhuang residential area in the suburbs of Beijing.

Photo by Ye Yongcai

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## High-Tech Zones to Take Bold Steps

China's high-tech development zones should experiment with reforms that benefit the high-tech sector even if such reforms may run counter to general practice in the country.

This was the message from the deputy vice-minister of the State Science and Technology Commission who told a national conference on high-tech zone development that the government would support the burgeoning high-tech development zones if they took such a bold step.

Li Xu'e, speaking on the opening day of the conference on April 26, said the government wanted these zones to give a shot in the arm to the country's overall modernization programme.

The conference aims to coordinate nationwide efforts to create a better environment for the country's high-tech development zones — also known as science parks.

Li said he was optimistic that the output value of the zones could reach at least 60 billion yuan by the year 2000 from the present 7.68 billion.

The experience gained as a result of any reforms introduced to the zones would help China to build up a high-tech industry capable of competing on the world market and to start eradicating bureaucracy in other sectors.

Li urged local governments throughout the country to introduce flexible policies ranging from tax exemptions and concessions to business trips to the different development zones.

Such measures would introd-



A large-capacity integrated circuit production line built at Shanghai No. 14 Radio Factory with foreign capital and technology.  
YANG PUTAO

uce a competitive edge to enterprises involved in developing and marketing hi-tech products, Li said, adding that this was the key to bringing about a new science boom in China.

The enterprises in the zones could reform their wage and personnel management systems to attract more talented personnel, especially those currently studying abroad, he said.

China would spend 1.5 billion yuan a year from this year to fund construction of China's hi-tech development zones and would ask banks to extend more loans to boost the development of the zones, he said.

According to the state budget plan, the country is to take out a loan worth several hundred million yuan this year to help pay

for the development of around 500 hi-tech and new technology products.

Early in March, the State Council approved the establishment of 26 new technology and high technology industrial parks on the sites of similar development zones. It also formulated a unified preferential policy for these parks.

Procedures are to be simplified for business and technical personnel from the parks' enterprises who need to travel abroad frequently, according to a recent document issued by the Ministry of Foreign Affairs.

Capital construction projects connected with production and business of the enterprises in the parks would be given priority, Li said. ■

## China Raises Food Prices

China's prices of food grain and cooking oil, undergoing the first adjustment since the mid-1960s, have increased 70 percent and 150 percent respectively as of May 1.

After the adjustment, the average price of wheat flour, rice and maize, whose supply has all along been rationed for urban residents, is about 0.5 yuan (US\$0.09) per kilogramme, while that of oil reaches 4.3 yuan (\$0.8), according to a recent circular issued by the State Council.

To lessen the effects the price rise may cause, the state has added six yuan to the monthly wages of government employees and workers.

Pensioners, army men and college students will also receive relief funds from the state.

Staple-food and oil have been state monopolized since the mid-1960s, with the state purchasing and selling prices kept in balance.

In order to encourage farmers to grow more cereals, however, the state raised the purchasing prices of grain by 150 percent and of oil by 210 percent during 1978 and 1990. But the selling prices remained unchanged in consideration of the people's livelihood and social stability, an interpretative document to the circular said.

It revealed that the size of the state subsidy, consequently, mounted to some 40 billion yuan last year. The heavy financial burden affected the state's further investment in agriculture, which in return hindered grain and oil production.

The low selling prices were also affecting enterprises dealing in staple foods, as many of them faced inevitable losses.

Meanwhile, the low prices have been the main reason for a total table waste of 3 billion kilogrammes of grain across the country each year. At the same time the state was hard put to it to meet 1.1 billion people's needs for food, the document said.

It explained that the adjustment, considered a major part of the economic reform, is made at a time when the inflation taking place a couple of years ago has been basically controlled and China has had several years of bumper food harvest.

It is believed, the document said, that the present adjustment would not greatly affect urban residents' livelihood, because the portion of urban people's average expense on grain and vegetable oil in the cost of living has dropped from 24.25 percent in 1964 to 8.36 percent in 1989.

Some Beijing residents have expressed their understanding for this price reform. But

queues could be found in front of grain shops as city dwellers buy grain and oil at the old prices after of the price rise was announced.

However, the fully-stored grain and oil in the shops quieted the people soon, and the public remains in order.

It is learned that a series of other steps will be taken to prevent chain price hikes in the country and stabilized the prices of daily necessities and guarantee their supplies.

by Staff Reporter Shuang Yu

## Li Stresses China Sticks to Reforms

Chinese Premier Li Peng told visiting Australian Minister of Foreign Affairs and Trade Gareth Evans that China, while continuing its current economic reforms, will also carry out political reforms to improve the democratic and legal systems in light of the country's reality.

During a meeting with Evans on April 24, Li said spring is now evident in China's political and economic si-

Chinese Party leader Jiang Zemin meets Gareth Evans, Australian minister of Foreign Affairs and Trade, on April 24.

LIU SHAOSHAN



tuation and that nothing can reverse China's reform and open policy.

Li said that China has taken some big steps in its economic reform, adding that some foreigners' assertion that China's reform had turned backwards did not tell the real situation in China.

Explaining the relationship between reform and stability, Li said that China is guarding against social turbulence while ensuring the development of a stable economy.

In carrying out the political reform, Li said that the national people's congresses at various levels will play a more important political role, and that the people and public opinion will have more say in supervising government employees. More work will be done to strengthen the system of multi-party co-operation and democratic consultation under the leadership of the Chinese Communist Party.

On bilateral relations, both the Chinese leader and Australian minister agreed that Evans' three-day visit to China marks a normalized and warming relationship between the two countries, as Evans vividly put it, winter has given way to spring.

With the growth of China's economy, Sino-Australian co-operation holds broad prospects, Li stressed, and China and Australia should increase their bonds of friendship.

Evans agreed that there exists a strong basis for the development of bilateral relations.

In a separate meeting with Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, Evans said that co-operation between the two countries

looks fine. He added that Australia hopes the two countries will enlarge the areas of co-operation during the course of China's modernization.

Noting that the two sides have fundamental differences on some issues, Evans stressed the importance of increasing exchanges as a means of deepening mutual understanding.

## Labour Ministers Meet in Beijing

**E**mployment, training and regional technical co-operation was the theme of the 12th Conference of Asian and Pacific Labour Ministers held in Beijing on April 23-26. The conference was attended by 188 delegates from 42 countries, region and international organizations, including the International Labour Organization (ILO), the United Nations Development Programme, the World Bank and the Asian Development Bank.

Addressing the opening ceremony, Chinese Labour Minister Ruan Chongwu said that the prospects for economic development in Asia and the world in the 1990s remain serious. As many countries are undergoing economic restructuring, labour work, particularly in areas of employment and training, is confronted with a host of new problems and new challenges.

"We the Asian-Pacific countries," Ruan said, "though different in level of development, share many fine cultural traditions and are endowed with rich natural and human resources. We all face the historical task of developing the economy, expanding employment, tapping human

resources and raising the living standards of the people."

By strengthening co-operation, exchanging experience and learning from others, these countries will solve labour problems and achieve common progress, thereby contributing to development and peace in this region and the world over, he said.

Qian Qichen, foreign minister of China, said in his speech that the Asia-Pacific region witnessed fairly rapid economic growth in the recent decade, but the development is unbalanced.

"To achieve common development and prosperity in this region, it is necessary to establish a fair and rational international economic relationship. Such a new type of relationship should be included in the new international order that people are talking about," he said.

He stated that the central element of the new international order should be: all countries, big or small, strong or weak, rich or poor, should be treated as equals; the internal affairs of a given country should be handled by its own people and international affairs be managed by all countries through consultation.

"Only when the above-mentioned principles are adhered to in handling bilateral or multilateral relations among states, will it be possible to push forward the economic development and co-operation of this region on basis of equality and mutual benefit," Qian said.

Introducing China's situation to the conference, Qian said that China now has entered a new period in the modernization drive. The strategic objective of China's long-term

economic development is to bring her per capita GNP to the level of a moderately-developed country and basically realize modernization by the middle of the next century.

"In the process of accomplishing this grand strategy," he said, "we give priority to employment promotion, improvement of the quality of the labour force and people's livelihood."

Also addressing the opening ceremony was Deputy Director-General of the ILO David P. Taylor, who said that the world is moving towards a period of enhanced multilateral co-operation.

"This offers to all of us — at the national, regional and international levels — a remarkable opportunity to work towards common and mutually reinforcing goals of overcoming poverty and enhancing social justice," he said.

The four-day conference was divided into two panels discussing employment and training, and technical co-operation.

A joint communique issued at the closing ceremony noted that self-employment constituted an increasingly important source of productive activity in many countries in Asia and the Pacific, and governments need to have clear policy statements recognizing the promotion of self-employment as an element of employment policy and making it an integral part of the overall development strategy of those countries.

The communique said that vocational training in most countries of the region is not sufficiently responsive to the needs of the labour market both in qualitative and quan-

titative terms, and concerted efforts to re-orient training on the basis of knowledge of local market conditions and skill requirements are needed.

Improved technical co-operation arrangements, both through the ILO and bilaterally, could make a substantial contribution to accelerate to socio-economic development of the countries of the region, particularly those which had so far suffered from a weaker infrastructure to foster and support such development.

It was also decided at the closing ceremony that the 13th conference will be held in 1993 in Iran's capital Tehran.

by Staff Reporter Li Bin

## CPPCC Calls for Cure of Brain Drain

Proposals to amend the present talent erosion, particularly in the fields of Scientific research, education and the arts, were made during the recent session of the Chinese People's Political Consultative Conference (CPPCC).

Some members called on the state to actively "respect knowledge and reward the talented" by giving the intellectuals favourable treatment, including higher wages and better living conditions.

The state should help research and higher learning institutes and assist leading performing art troupes to improve their research, teaching and practice facilities, they suggested.

At the same time, the state should give freer rein to professionals seeking academic exchange abroad. Further drastic control will only make students studying abroad re-

luctant to return, the CPPCC members said.

China is encouraging students overseas to return and serve their country by setting up post-doctorate research stations and a national service centre. As China is promising to provide them with better living and working conditions, some 2,000 Chinese students returned last year.

Yet many more Chinese professionals are still trying to go the other way round. And many overseas students and scholars intend to stay or have acquired permanent residences in foreign countries. The exodus of talent is an anxiety of the literati and will affect progress.

According to reports, the Chinese government as well as many research institutes and universities have supported more than 90,000 students and scholars for working abroad since 1978. Only 40,000 of them have returned.

Partly because of the exodus, the percentage of researchers in the 36-45 age-bracket at the Chinese Academy of Sciences has dropped from 59 in 1978 to 20 ten years later.

In Shanghai, 16 percent of the total number of college and university faculty members left to study abroad between 1986-89, with 68 percent of them between the ages of 25 and 35.

The brain drain is not only affecting the present quality of research, but is also severely undermining the country's potential, commented Hou Xianglin, vice-chairman of the science and technology sub-committee under the CPPCC.

Members of the CPPCC's education and culture sub-

committee supported Hou's point of view as their statistics show 96 percent of the professors and 77 percent of the associate professors in the universities and colleges across the country are now above the age of 51. And higher education will suffer a decade later as these senior faculty members retire and if the erosion of younger ones continues.

Leading symphony orchestras and ballet companies in Beijing and Shanghai are facing similar shortages of talent. About one-third of the musicians, dancers and singers in these companies, including many prize winners in international competitions, are now either working or studying abroad, according to Ding Cong, an artist whose speech circulated among the CPPCC members.

The CPPCC members attributed the continuing brain drain to low wages for college faculty members, researchers and artists and alike in China.

Government employees with a university degree make 17 percent less money in their working life than their colleagues with nine years of schooling, as shown by a survey made by the State Statistical Bureau.

Furthermore, the severe housing shortage has hit young professionals seriously, with some of them not able to obtain a decent home after nearly 10 years of marriage.

Lack of updated equipment and necessary services makes it difficult for natural scientists to continue research at home. This is another reason why quite a large portion of the students overseas are reluctant to return, the CPPCC members said.

by Staff Reporter Shuang Yu

## US Charges 'Unreasonable'

If the United States keeps China on the "priority list" of copyright violators, it is "unreasonable and may be "detrimental to the development of Sino-American economic relations and trade," said Wu Jianmin, a spokesman for the Chinese Foreign Ministry.

He made these remarks April 25 at a news briefing when asked to comment on the US accusation that some Chinese companies have violated copyright convention, and on the US move to start an investigation into this matter.

The spokesman said that the Chinese government supports and protects intellectual property rights. "This is in keeping with the need of China's reform and open policy. It is also in the interest of the country itself," he added.

"China takes a positive attitude toward the protection of intellectual property rights," he said. In the past decade, China has done a lot in this regard. For several years its patent law has been implemented and its copyright law will come into force as of June 1, 1991. It contains special stipulations on the protection of computer software.

These laws and stipulations will play a positive role in protecting intellectual property rights and promoting the scientific and technological progress and prosperity of China's culture and arts, he said.

In response to an announcement made on April 26 by an American trade official that China has been listed among the priority foreign countries

covered by the special 301 provision for having allegedly failed to provide ample and effective protection for US intellectual property, a spokesman for the Ministry of Foreign Economic Relations and Trade said that the American decision will not only be detrimental to future co-operation between the two countries in regard to protecting intellectual property, but also will produce extremely negative influence on the normal economic and trade co-operation that exists between the two sides.

He urged the American government to value the overall relationship between the two countries above anything else and remove China from among the priority foreign countries listed under special provision 301.

**MFN Status Issue.** When talking about Sino-American relations, the Foreign Ministry spokesman said at the news briefing that if the United States revokes its most-favoured-nations status to China, the relations between the two countries will suffer a great retrogression and the development of American economic relations and trade with other regions in Asia will also be adversely affected.

On the question of human rights, he said that obviously China and the United States have different social systems, historical backgrounds and values.

If the US sets the issue of human rights as a precondition for its relations with China, the result will surely be unfavourable to the development of bilateral relations.

"This will also be disadvantageous to the people of both countries," added the spokesman. ■



## A Difficult Mission for Baker

by Xu Boyuan

US Secretary of State James Baker visited the Middle East April 18-26 for the third time in 40 days in a renewed effort to break the stalemate in Middle East peace process.

Baker's first visit in March 7-14 and his second in April 7-14 did not achieve substantial progress, but, as the US State Department spokeswoman Margaret Tutwiler put it, they convinced President George Bush and Baker that "all parties are taking a serious approach to peace in the Middle East" and that a follow-up was necessary.

In a major departure from its policy in dealing with the Gulf crisis, the United States acted alone this time towards furthering the process of peace in the Middle East, an attitude that clearly reflects the long-standing close relationship between Israel and the United States.

While in Israel, Baker reportedly reached an agreement in principle with Israel over the convening of a "regional peace meeting" on the Middle East, something that can be viewed as a small step forward.

What, then, is the difference between a "regional peace meeting" and an "international peace conference," as supported by most Arab nations and the United Nations?

The international conference will be under the auspices of the five permanent members of the United Nations Security Council: the United States, the Soviet Union, Britain, France and China, and therefore will be a serious, formal and authoritative session. The Security Council has adopted Resolutions 242 and 338

demanding that Israel withdraw from the Arab lands it occupied in 1967: the West Bank of Jordan River, the Gaza Strip, East Jerusalem and the Golan Heights. Israel opposes such a conference because it is afraid of being put in the position of defendant. Should the conference adopt a resolution demanding Israel's withdrawal from these lands, Israel would be very embarrassed and the United States, which has long backed Israel, would also be facing a dilemma.

The proposed regional meeting is substantially different. First of all, the meeting is to be sponsored by the United States and the Soviet Union. For the Soviet Union to participate in such a meeting, it has to first recognize Israel by resuming diplomatic relations, severed in 1967. The Palestine Liberation Organization (PLO) is completely excluded in this process. During his three trips, Baker refused to meet representatives of the PLO on the grounds that the organization supported Iraq during the Gulf war. Furthermore, the list of representatives of Palestinians living on Israeli-occupied lands has to be approved by Israel. Reports say that after an opening ceremony, Israel will enter into separate talks with the Arab countries concerned and representatives of the Palestinians. This is the so-called "dual-track" negotiations advocated by Israel.

Arab nations responded to the proposal differently. Moderate countries like Egypt and Saudi Arabia expressed their interest in the formula, while Syria clearly stated its opposition. Syrian President Hafiz Al-Assad on April 23 reaffirmed his country's stand

that Syria will only accept an international peace conference on the Middle East to be held under the auspices of the UN and attended by the five permanent Security Council members and all the parties to the Arab-Israeli conflict. However, the consensus is that only when Israel renounces its claim for the occupied territories can the hostilities in the Middle East end. Even Bush agreed in a March 6 speech that a solution to the Arab-Israeli conflict must be based on UN Resolutions 242 and 338, and the so-called "land for peace" principle. In reality, however, Washington always favours Tel Aviv and dilutes the "land for peace" principle by stressing confidence-building and atmospheric improvement between the Arabs and Israelis.

Precisely on the territorial issue Israel has refused to budge. Israeli Prime Minister Yitzhak Shamir indicated on April 10 that Israel would continue to set up Jewish settlements in the West Bank and Gaza Strip. On April 16, just two days before Baker's arrival, Israel established a new "settlement" on the West Bank, a challenge obviously directed at Baker. Under such a situation, even if a regional peace meeting can be held, it will be extremely difficult to resolve the Middle East conflict.

PLO Chairman Yasser Arafat, in an open letter to Palestinians on April 16, said that the form of a peace conference on the Middle East itself is not important, but what matters is that the Palestinians' rights must be respected and dialogues be held with the PLO. The PLO has been widely recognized as the sole legitimate representative of the Palestinian people. It is also a consensus that any solution to the Middle East conflict that bypasses the PLO will certainly get nowhere. ■

# Moscow, Washington Build New Ties in Asia

by Jia Bei

*The increasing clout of the Asian-Pacific region in the world political and economic arena is one of the important factors that Mikhail Gorbachev took into consideration when formulating his global strategy. The Soviet leader seeks to actively participate in establishing an Asian version of the Conference on Security and Co-operation in Europe.*

**B**ecause of uneasy relations between the Soviet Union and the United States after World War II, the Soviets focused on getting rid of the US influence in the Asian-Pacific region while pursuing a military balance between Moscow and Washington. Furthermore, out of the desire for Soviet domination, Moscow poured tremendous manpower, material and money into the region to increase its military strength in hopes of gaining a strategic position there. However, Moscow failed to reach its goal and instead was bogged down in isolation because many Asian-Pacific countries regarded the Soviet Union's presence as a major threat to security.

When Gorbachev entered the Kremlin, Moscow gradually changed its position on the US presence in the Asian-Pacific region. On May 21, 1985, at a banquet for the visiting Indian Prime Minister Rajiv Gandhi, Gorbachev suggested an Asian conference be convened. Later, he sent messages to heads of Asian countries to woo support for his initiative.

However, there were serious limitations in Gorbachev's suggestion because he wanted to

decide who would attend. Also, in an official statement on April 23, 1986, the Soviet Union denounced the Pacific Economic Co-operation Council as being the "Pacific community" and the "oriental version of NATO" rigged by the United States and Japan. All this made it clear that there were no changes in the Soviet position on the United States.

## Significant Changes

The first significant change came in July 1986 when Gorbachev, in a speech in Vladivostok (Haishenwai), made positive appraisal of the Pacific Economic Co-operation Council, indicating Soviet interest in joining it. He said that the United States undoubtedly had important economic and political interests in the Asian-Pacific region and that without the participation of the United States the settlement of questions about Pacific security and co-operation could not satisfy all parties concerned. Gorbachev suggested in his speech that an "Asian-Pacific nations conference" be convened to discuss security and co-operation in the region. The Vladivostok speech indicated that the Soviet Union

began to take a realistic attitude towards the US presence in the region and was pursuing mutual recognition and understanding.

But within two years after Gorbachev's speech in Vladivostok, Soviet-US relations were still in a stalemate. This was because, as Gorbachev put it, although the Soviet Union agreed to the United States' participation in Asian-Pacific affairs and sought common points on Asian-Pacific questions with Washington, the White House was suspicious and spread rumours among peoples of the Asian-Pacific region and the rest of the world. The Soviet Union insisted on equal participation; however, the United States insisted on showing strength. In short, the Soviet Union and the United States did not reach a mutual understanding.

In fact, the real obstacle was that Gorbachev's initiatives contained bans on nuclear proliferation, restrictions on naval activities and a dismantling of foreign military bases in the Asian-Pacific region, which the United States thought had a crucial effect on its interests.

Moreover, the Soviet Union continued to expand its Pacific fleet, making it the strongest among its four fleets. When the United States had trouble with its bases in the Philippines, the Soviet Union increased its naval strength in Cam Ranh Bay, Viet Nam.

Because the regional conflicts in Afghanistan and Cambodia continued, the United States negatively responded to Moscow's gesture. The two countries remained in a state of hostility in the Asian-Pacific region.

A turning point came in 1988 when the Soviet Union took some important steps. Gorbachev declared at the United Nations General Assembly session in December that year that the Soviet Union would unilaterally cut 200,000 of its armed forces in Asia within two years. The cuts

included 12 army divisions, disbanding of 11 air force regiments and withdrawal of 16 battleships from the Pacific fleet. At the end of 1989, the Soviet Union began to pull out its naval and air force personnel in Cam Ranh Bay and its Pacific fleet dramatically reduced activities. These Soviet moves drew welcome approval from the United States, which remained cautious.

### Further Policy Adjustment

In 1990 Moscow further adjusted its attitude towards US presence in the Asian-Pacific region. In a global view, the Soviet Union and the United States were no longer foes. In the Asian-Pacific region, the two countries began seeking possibilities of co-operation and coordination in settling common problems and regional conflicts. In other words, the Soviet policy changed from seeking mutual recognition and understanding to pursuing co-operation with the United States.

Background to the change in Soviet position is reflected in the mutual understanding that the Soviet Union and the United States need each other to maintain superpower position. Because the situation in Eastern Europe changed greatly in the second half of 1989, and the Soviet Union and the United States declined as superpowers, while the power of Germany and Japan rose in the changing world pattern. Specifically, in the Asian-Pacific region the Soviet Union began to regard Japan as its major threat and hoped to work with the United States in setting off Japan's military potential. Addi-



George Bush and Mikhail Gorbachev sign documents at the White House on June 1, 1990.

tionally, the Soviet Union is eager to join in Asian-Pacific economic co-operation. Because it believes that the United States plays a primary role in many economic organizations, the Soviet Union plans to edge into the Asian-Pacific co-operative circle with the help of the United States by establishing better US-Soviet co-operative links. Moscow regards the establishment of close ties with the Asian-Pacific nations as a fundamental guarantee of removal of potential danger to its security. The Soviet Union hopes the building of co-operative US-Soviet relations will help other countries to change their attitudes towards Moscow.

To this end, Moscow has made great efforts by establishing diplomatic relations with South Korea and recognizing the US-Japan security agreements. This Soviet closeness to Washington has resulted in positive repercussions in the United States. Some Americans, believing that the Soviet Union has already changed its goals, are convinced that Soviet military presence in the Asian-Pacific region is defensive. They

contend that the United States may accept the Soviet Union's participation in Asian-Pacific affairs.

Increasing co-operation and mutual understanding between Moscow and Washington will make it easier for the Soviet Union to reduce military hostility and restrict US military presence. The United States has maintained close vigilance over Moscow's intentions and over the modernization of Soviet military forces in the Far East. As a result, Washington has made no active response to Moscow's participation in Asian-Pacific co-operation.

The Soviet Union complains that the Soviet-US relations in the Asian-Pacific region are not in accord with the overall atmosphere of the Soviet-US ties, nor with the understanding reached by them in Europe, and with the general attitude towards the settlement of important problems concerning bilateral relations. In other words, the present actual state of Soviet-US ties in the Asian-Pacific region is far from what Moscow wants them to be. ■

# DPRK: Rapid Economic Development

by Gao Haorong

**T**he Korean Workers' Party and the government of the Democratic People's Republic of Korea (DPRK) have always attached great importance to Korea's economic and social development.

Since the beginning of this year, DPRK's industrial production has seen a favourable development trend. Several significant economic sectors, such as coal, electricity and transportation, have finished production quotas on time with larger increases than reported last year.

The Party and government focus this year's economic construction on energy, transportation and other vanguard sectors of the national economy regard-

ed as important links to realizing production normalization. According to the Korean Central News Agency, since the beginning of this year, these sectors have launched a campaign for increasing production. Statistics show that many enterprises have reached or overfulfilled their planned production quotas.

Reports say that the machinery, metal, building materials and forestry sectors also fulfilled production quotas.

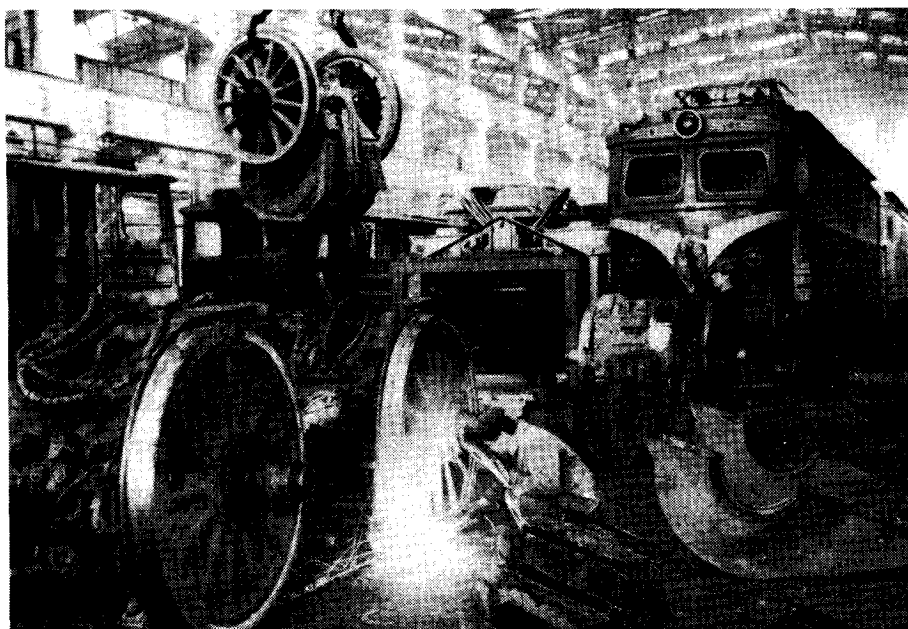
In DPRK, railway and shipbuilding industries have seen a rapid development. After 40 years of efforts, the country's main railway lines have reached more than 7,000 km, 90 percent

of which realized electrification. The past colonialist rule and plunder resulted in an unbalanced railway distribution. So in the 1960s and 1970s, Korea paid attention to railway building in southern underdeveloped areas. In the 1980s, railroads were also built in eastern, western and inland areas. Now Korea has a nationwide railway network, which reduces the economic gap between different areas. Limited by power resources, Korea has made great efforts toward railway electrification. Now the country boasts thousands of kilometres of electrified railways. During its Seven-Year Plan from 1987 to 1993, Korea devoted itself to es-

tablishing double-track railway lines and to developing new types of rolling stocks.

As for the shipbuilding industry, great successes have been achieved. At present 20,000-ton cargo ships and other ships can be built. Korea has established three major shipyards. In addition to freighters, its shipbuilding enterprises can also build other ships such as 10,000-ton tankers, as well as the 15,000-ton processing ships and

An electric locomotive factory in Korea.



5,000-ton refrigerator ships, thus contributing to Korea's deep-sea fishing development.

While making gigantic efforts to develop industry, the Party and government have paid great attention to environmental protection, which is combined with economic construction. In April 1986, the Korean Supreme People's Assembly adopted an environmental protection law, which stipulates the relationship between environmental protection and economic construction. And in recent years the Korean people have established more than ten nature preserves and special conservation areas.

In order to meet domestic grain demand, Korea has accelerated agricultural production and taken practical measures to assure a good harvest this year. Last winter President Kim Il Sung and other leaders of the Central Committee and the Administration Council in charge of agriculture inspected the rural areas. Kim pointed out that both the Party and the people should stress agricultural production and vigorously promote its development this year. To this end, Korea has launched a campaign to improve soil. The government is also organizing cadres and workers in cities to support agricultural production. It asks departments concerned to supply fertilizer and pesticide and means of production to farmers in time while also stressing the need to spread scientific farming technology.

The Korean Party and the government also pay attention to developing culture

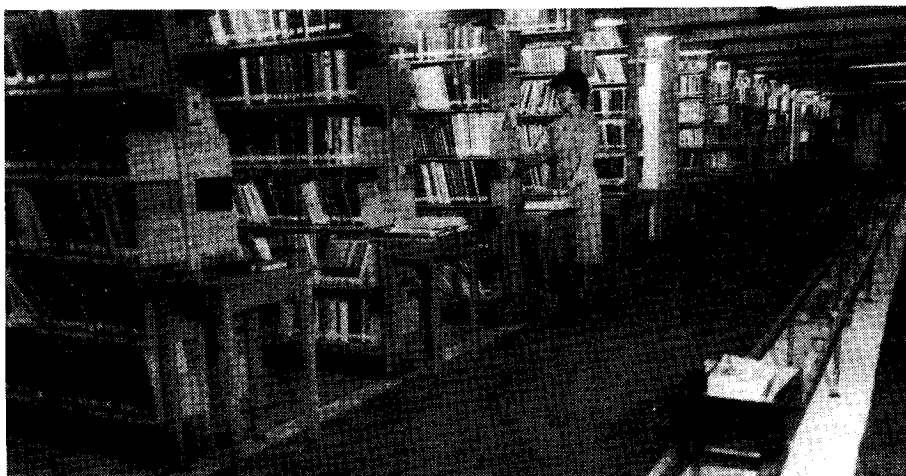


A co-operative farm in the suburbs of Pyongyang reaps a bumper harvest of corn.

and education. They realize that education cannot be ignored even if the state is short of financial resources. Korean investment in education makes up about 20 percent of the central and local financial budget expenditure each year. At present, 200 universities and colleges and 470 higher training schools have been set up in the country. Higher industrial, agricultural, health, educational, sports and literature and art in-

stitutions have been established in each province and higher training schools established in each county. Meanwhile, many enterprises have also set up their own colleges and training schools. On the basis of universal education, Korea has fostered 1.4 million intellectuals, and national cultural and educational levels have unprecedently been raised. ■

A library with a collection of 30 million books in Pyongyang.



# Development Blueprint for 1991-2000

The Outline of the Ten-Year Programme and the Eighth Five-Year Plan for National Economic and Social Development adopted by the Fourth Session of the Seventh National People's Congress has charted the course for the nation's construction and development in the next decade.

## General Goals

The general goals are to expand the nation's economic strength by a large margin, raise the nation's international ranking in terms of gross national product (GNP) and dramatically increase the output of major industrial and agricultural products; to optimize the industrial structure and rationalize the regional economic structure and the distribution of productive forces; to greatly raise scientific, technological and management levels, reach or approach advanced world levels of industrial production technology, strive for new hi-tech gains and develop a group of new, hi-tech industries; to markedly increase the scientific and cultural level and ideological and moral standards of the whole Chinese nation; to raise the national defence force to a new level of modernization; to improve the people's living standards, from having enough food and clothing to a comfortable life; to attain or surpass the level of moderately developed countries in health, nutrition, average life span, literacy and other standard of living indexes; to initially establish a new socialist economic structure, optimize the socialist system, stabilize the social order and strengthen social morals. In a word, in the coming ten years of

construction, socialist China will register an all-round development and progress politically, economically and socially and enter a new stage of development.

To realize these general goals, the outline proposes the following objectives for the next ten years.

—Based on improved economic returns and an optimal economic structure, the 1980 GNP will be quadrupled by the end of this century, calculated on the constant prices, to reach 3,110 billion yuan by the year 2000 based on 1990 prices, averaging an annual growth rate of 6 percent. The industrial and agricultural output value will increase by an average annual rate of 6.1 percent. The agricultural output value will rise by 3.5 percent a year on the average and the industrial output value by some 6.8 percent.

—Standard of living will improve from sufficient food and clothing to a comfortable level. The means of subsistence will be plentiful and the consumption pattern more reasonable. The housing conditions will be remarkably improved, cultural life further enriched and the people's health continuously improved. Social service facilities will be continuously developed.

—Educational undertakings will be developed and science and technology promoted. Economic management will be improved and the economic structure readjusted and key construction projects be speeded up in order to lay a material and technological foundation for sustained economic and social development early in the 21st century.

—A new economic structure

and operating mechanism which is suited to the socialist planned commodity economy based on the public ownership and which combines a planned economy with market regulation will be initially established.

—The construction of socialist civilization with advanced culture and ideology will reach a new level and the socialist democracy and the legal system will be further strengthened.

The outline points out that the above-mentioned basic objectives are linked organically together and promote one another. The goal requires an increase in total economic volume and also attaches importance to an improvement of economic quality and profit. It focuses on economic construction and, at the same time, stresses the economic restructuring and opening to the outside world. The goal considers both economic construction and the overall social progress. In practical work, all of these objectives should be properly combined and realized in an overall way.

## Seven Main Tasks

1. According to the requirements for the gradual modernization of the national economy and the change in the consumption habits of residents, there is the need to make an active readjustment of the industrial structure, with the emphasis on agriculture, basic industries and infrastructures, to restructure, reform and improve the processing industry and to put on the top of the agenda the development of the electronics industry, to develop the building and tertiary industries and to rationalize the industrial

structure and to realize modernization step by step;

2. To improve the regional economic structure and the geographic distribution of the productive forces in line with the principles of overall planning, rational division of work, taking advantage of mutual strengths, co-ordinated development and the overall consideration of interests and common prosperity of all concerned;

3. To continuously emphasize the development of science, technology and education as strategically important and lead China's economy into an orbit which relies mainly on scientific and technical progress and labouring people of better quality;

4. To increase living standards and develop various social undertakings while carrying out economic construction so as to promote co-ordinated economic and social

development;

5. To promote economic restructuring and continuously perfect and develop the socialist system;

6. To persist in basic state policy of opening to the outside world and to further expand economic and technical exchanges and co-operation with foreign countries; and

7. To uphold the principle of "one country, two systems" and continuously promote the reunification of the motherland.

### Main Targets

According to the Outline of the Ten-Year Programme and of the Eighth Five-Year Plan for National Economic and Social Development, grain output will have reached 500 million tons by the year 2000, cotton 5.25 million tons, coal about 1.4 billion tons, crude oil an increase at a big

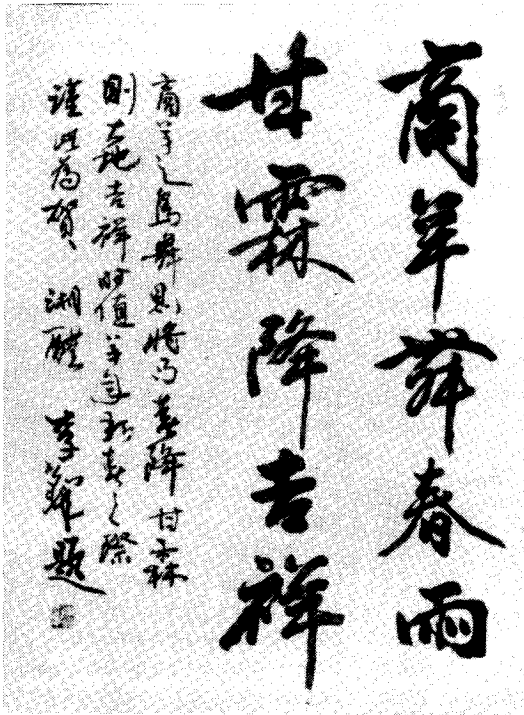
margin, electricity around 1,100 billion kwh, steel more than 80 million tons, ethylene about 3 million tons, chemical fertilizers some 120 million tons, railway freight volume around 1.9 billion tons, yarn 5.57 million tons and chemical fibre about 2.6 million tons. Of the main machinery and light industrial products, about 40 percent will have reached or approached advanced world level. The proportion of the tertiary industry to the GNP will increase from one-fourth to one-third and the national unified market system will be gradually improved under state guidance and management.

Regarding social development, the outline points out that by the year 2000 adult illiteracy will have been wiped out and the natural population growth rate will be maintained at below an annual rate of 12.5 per thousand. ■

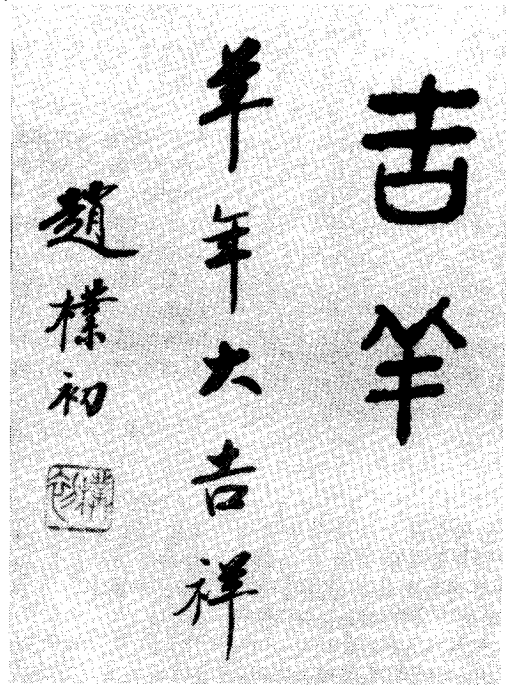
An assembly of the Fourth Session of the Seventh National People's Congress.

XUE CHAO





Li Duo



Zhao Puchu

## Calligraphy: China's Traditional Art

by Our Staff Reporter Luo Haibo

Calligraphy, one of China's traditional arts, is part of the country's precious cultural heritage. This unique artistic style, forming characters by brief lines using a writing brush, is charming and magnificently conceived in its execution. It is of a high aesthetic value and has been both popular with Chinese people and esteemed by people around the world through the ages. The art has a significant position in world artistic circles.

Calligraphy is a special writing style of China. Early in the Yin Dynasty (about 3,700 years ago) there were pictography inscriptions on tortoise shells and beast bones. It became an independent art after the Qin Dynasty and then gradually developed into five basic writing styles includ-

ing seal script, official script, regular script, running script and cursive script.

Seal script, developed on the basis of the inscriptions found on bones and tortoise shells of the Yin Dynasty, keeps the marks of the ancient pictographic character and distinctly displays the beautiful curves, strokes, even and gentle lines and the balanced, neat structure. It was the first style of calligraphy. Late in the Qin Dynasty and early in the Han dynasty, official style, a new kind of writing style, developed on the basis of seal script for the sake of literary sketch, was created. It paid attention to the beauty of straight and square lines with thick and rough strokes, flat and square character styles and balanced technique. It helped

improve writing efficiency and was a big change from previous calligraphy. Regular script is transformed from official script. It is square and upright in form with straight strokes, stable structure, and with the strength of character and a thorough understanding in techniques. It is a kind of writing style with high practical value which is popular with the masses. Running script is a style between regular script and cursive script. It has both the neatly lettered characteristics of regular script and the vivid fortes of cursive script. It is both square and circular in form of character with a full technique and an unfolding and inseparable structure. Cursive script is a style of unbroken strokes and brief structure, which appeared



after official script for quick writing. It is a very artistic style.

Han character was developed from pictography. It is beautiful in modelling and form, and its strength was brought into full play after the invention and application of writing brush, a traditional tool for calligraphic art. The form of the characters display different styles due to the different manner, personality and techniques of calligraphers.

China is regarded as a country of calligraphy because the art of calligraphy is widespread and outstanding works are everywhere. For example titles on books, magazines, of schools, shops, hotels and some important buildings, are written by well-known calligraphers or celebrities. The masthead of *Renmin Ribao (People's Daily)* is the handwriting of Mao Zedong. The Chinese title of *Beijing Review* was written by Guo Moruo, a famous scholar and calligrapher. At China's many scenic spots and famous tourist sites including Xian, Shaanxi Province and Qufu, Shandong Province, people can enjoy many couplets written on scrolls and hung on the pillars of a hall, on the horizontal inscribed boards and on the stone inscriptions by ancient and contemporary calligraphers; calligraphy is found in buildings and pavilions, temples and palaces. Calligrapher Associations, located throughout the country, often held calligraphic exhibitions and academic activities. All sorts of calligraphic magazines and newspapers are popular with readers.

Those who appreciate calligraphic works, like enjoying other artistic works, should pay attention to both external and inner beauty. Only those works with beautiful form and a vital inner spirit which express the noble personality of calligraphers have successfully combined both external form and inner spirit.

## Calligraphers Celebrate The Year of the Sheep

**T**he year 1991 is the year of the sheep on the Chinese lunar calendar. The character *yang* (sheep), however, was interchangeable with the character *xiang* in ancient Chinese. *Ji Yang*, inscriptions on the bronze art objects in the Yin and Shang dynasties was actually *Ji Xiang* (luck). Since then the lamb has been regarded as an animal who brings fortune. The character *mei* (beautiful) inscribed on the bones or tortoise shells of the Shang Dynasty (c. 16th-11th century B.C.) consisted of *da* and *yang* which mean "big sheep are beautiful." Therefore the artistic masterpieces on the theme of the sheep in Chinese history were not unusual. Here we chose some works on the theme of the sheep by famous Chinese calligraphers to share with our readers. The following is a brief introduction to the works and their creators:

**Qi Gong:** Wish the world peace and progress in the year of the sheep. (Qi Gong, born in 1912, is the chairman of the Chinese Calligraphers Association, member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), vice-president of the Cultural History Research Centre of the Central Committee of the Chinese Communist Party and a professor of Beijing Teachers' University.)

**He Haixia:** All things on earth flourish. The country is prosperous and people live in peace. (He Haixia, born in 1908, contemporary master of Chinese landscape painting.)

**Liu Bingsen:** Hoping that the year of the sheep brings luck. (Liu Bingsen, born in 1937, is now the member of the standing committee of the Chinese Calligraphers Association, member of the National Committee of the CPPCC and a researcher of the Palace Museum.)

**Gu Gan:** There are as many sheep as clouds. (Gu Gan, born in 1942, is the president of the China Contemporary Calligraphy Society and senior editor of the People's Literature Publishing House.)

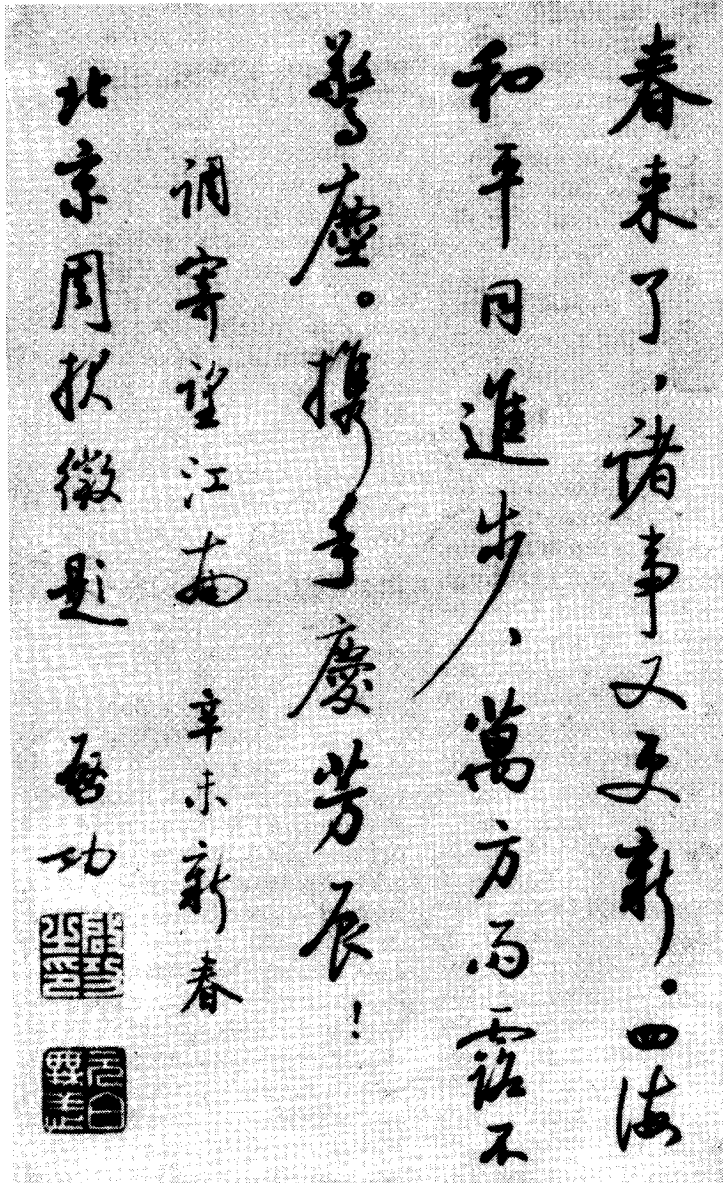
**Su Shi:** Depicting a mountain scene of animals grazing in the grassland of northern China. (Su Shi, born in 1935, is at present the council member and the deputy secretary-general of the Beijing Calligraphers Association.)

**Liu Tiebao:** The ideal state lasts forever. (Liu Tiebao, born in 1944, is a member of the Chinese Calligraphers Association and professional calligrapher and an expert in seal cutting.)

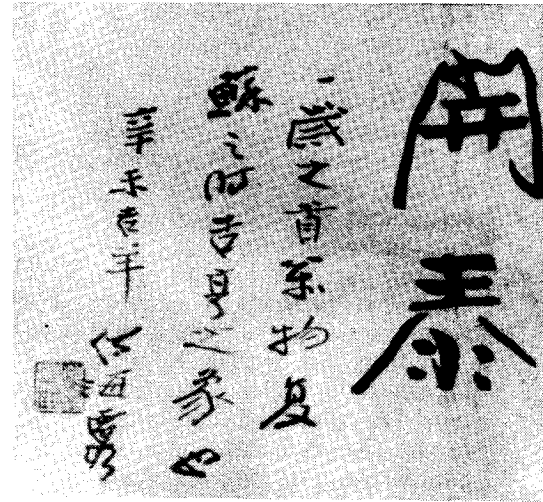
**Zhao Zhizhong:** The year of the sheep brings luck and good fortune. (Zhao Zhizhong, born in 1932, is a well-known calligrapher in regular script.)



The character "sheep" written in various styles by ancient calligraphers.



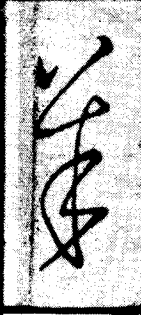
Qi Gong (running script)



He Haixia (running script)

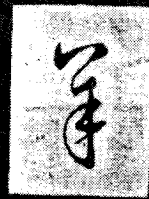


Gu Gan  
(modern script)



古羊字  
父辛解

羊

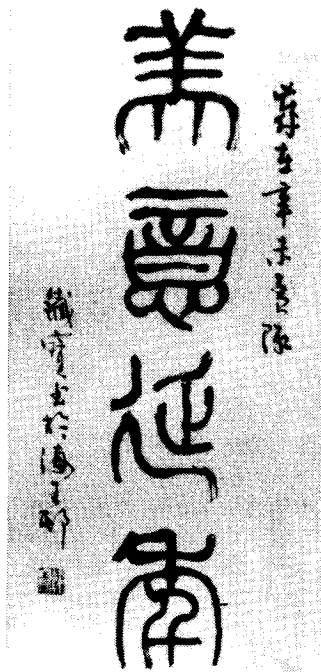


羊

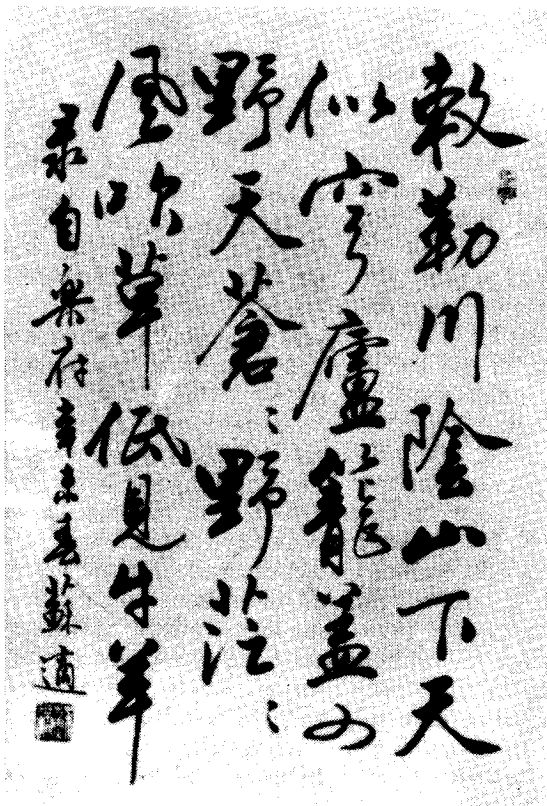
羊 孫通經 羊 智永  
羊 伯羊字 羊文



Liu Bingsen (official script)



Liu Tiebao  
(seal script)



Su Shi (midway between running and cursive script)



Zhao Zhizhong (regular script on pure gold)

*The increase in rents, encouragement of individuals to buy their own homes and raising of funds for housing construction will help divert individual investment into the housing field.*

## Commercialization of Housing Speeds Up

by Our Staff Reporter Li Ping

The Chinese government has decided that starting in 1991 the reform of the housing system will be accelerated. Chen Jinhua, minister of the State Commission for Restructuring the Economic System, said at a national conference on structural reform of the economy held at the end of February that housing reform would be quickened and demanded that all provinces and autonomous regions conduct an all-round pilot reform of the housing system in at least one or two cities. The content of the reform includes: appropriately raise and unify local rent standards, encourage workers and staff members to buy houses, and encourage individuals, collectives and the state to raise housing funds.

These measures rekindled the enthusiasm for housing reform which has cooled down for three years. Many Chinese cities, including Shanghai, China's largest metropolis, have now taken action and the new measures are

of profound significance.

### Trend

Although housing conditions have improved to some extent over the past decade, urban residents are still plagued by a housing shortage. "Many families are short of houses and some houses are in a state of disrepair," said Guo Zhonghe, an official of the leading group in charge of the reform of the housing system under the State Council.

Guo noted that, in the 1980s, China built so much housing that the per-capita living space of urban dwellers (about 300 million) rose from 3.9 square metres in 1980 to 7.1 square metres and the per-capita living space of farmers (about 800 million) soared from 9.4 square metres to 17.8 square metres by 1990. However, there are 5 million households, some 20 million people, who have a housing problem. Of these people, there are over 500,000 serious cases with a per-

capita living space of less than two square metres. Moreover, 2 million newly married couples need houses annually.

The housing shortage has become the most important and urgent urban problem. According to a survey of workers' intentions made by the Sociological Research Institute under the Chinese Academy of Social Sciences, 51 percent of 7,700 people questioned believe that the "housing shortage" was the most serious problem facing workers and needed to be quickly resolved.

The cheapest commodities by far in China are houses. Since the founding of New China in 1949, urban housing has always been regarded as a sort of social welfare and the state has invested in housing construction and made it available to workers and staff members without compensation. Rents are nominal and there is no charge for the use of land. In rural areas, housing is built and maintained by farmers



Housing conditions have improved for 1 million Tianjin residents.

YANG BAOKUN

themselves. According to Guo Zhonghe, the monthly rent for each square metre of public housing is 0.13 yuan (about US 2.5 cents) and the cheaper one is just several fen (1 fen = 1/100 of a yuan), while the monthly cost rent is 1.56 yuan for each square metre. Calculated in terms of the lowest possible administrative and maintenance expense, 0.5 yuan is needed for each square metre of housing.

At present, housing expenditures for urban residents in China account for less than 1 percent of the income of workers and staff members, while the figure for other developing countries with a similar development level is 8.6 percent. The figure is 11 percent in those countries having a per-capita income of US\$1,000 and 15 percent in developed countries.

The housing shortage combined with the cheap price of housing has revealed the draw-

backs of the old housing system. On the one hand, the state has had to invest more than 30 billion yuan for housing construction annually and provide some 6 billion yuan in annual subsidies for the maintenance. However, these funds cannot be recouped and, therefore, no funds can be used for circulation. On the other hand, a considerable amount of annual subsidies paid by the state for the construction and maintenance of housing annually has been indirectly changed into consumption income of individuals. It has stimulated their desire for more and better housing, encouraged the malpractice of abusing one's power to occupy more and better houses and intensified the contradiction between housing demand and supply. Facts prove that in order to solve China's housing problem, it is necessary to carry out the reform of the housing system and commercial-

ize real estates.

Some experts pointed out that the public housing system has led to the irrational consumption pattern. The monthly rent of an urban apartment, for example, is less than a packet of foreign cigarettes. Food and clothing aside, consumers tend to spend their money on colour televisions, refrigerators, washing machines and tape-recorders; they disregard the cost of housing despite the acute shortage. The construction industry, the state's pillar industry, cannot fully develop because it lacks financial investment by the public. Therefore, we must commercialize housing, whether through improvement of residents' consumption pattern or by optimizing the state industrial structure.

### Twists and Turns

China has gradually developed its housing system along with a

deepening structural economic reform. As early as 1978, Deng Xiaoping suggested that individuals be allowed to build houses with or without public subsidies and that instalment payment be allowed in order to attract individual investment for housing construction. Since then, Xian, Nanning and other cities have sold houses to individuals on a trial basis and taken a necessary step towards the reform of housing commercialization. In the mid-1980s, the State Council set up a leading group in charge of the reform of housing system and put forward tentative ideas for raising rents, increasing wages and encouraging workers and staff members to buy houses. From the second half of 1987 to the first half of 1988, the first upsurge in housing reform took place.

On August 1, 1987, the city of Yantai in Shandong Province took the lead in formulating a programme for raising rents and encouraging individuals to buy houses. The first step was to raise the monthly rent to 1.28 yuan for each square metre of living space (about ten times higher than the average rent nationwide). While raising the rent, allowances were issued to workers and staff members based on 23.5 percent of their basic wages. The deficit was to be made up by individual households with an exemption and reduction policy for that portion to be paid for by households which had financial difficulties.

The experiment in Yantai had wide repercussions and Tangshan City in Hebei Province, Bengbu City in Anhui Province, and Shenyang City, capital city of Liaoning Province, followed suit. In February 1988, the State Council published the programme for national housing reform which basically adopted Yantai's method. The State Council also required that var-

ious provinces try out the reform in selected cities and, between 1989 and 1990, housing reform gradually spread across the country.

However, the programme has not been carried out without a hitch. In 1988, China's economy overheated, particularly since the second half of 1988 and prices for consumer goods rose sharply. There was panic buying of goods in various parts of the country and people were in a state of anxiety. In view of the situation, the Chinese government decided in September 1988 to improve the economic environment and rectify the economic order, suspend the capital construction projects and implement a tight-money policy. Stability became the central task for the economy. With the political disturbance in Beijing between the spring and summer in 1989, the maintenance of social and economic stability became more important. Under these circumstances, the national housing reform programme was temporarily stalled and restricted to a few places in the country.

In addition to the above reasons, there was the problem of the economy's capacity to bear the cost of the reform. Given the fact that the wage level of workers and staff members is universally low, the state would have to provide subsidies to offset the rise in rents. The state, however, could not afford to pay out large subsidies. If the amount of subsidies was small, however, workers and staff members, particularly low and medium wage earners, could not afford the increases. In some larger cities, a two-room apartment costs more than 100,000 yuan, a price beyond the reach of ordinary people.

### Quicken the Reform

Since the second half of 1990, as China's political and economic

situation has become stable, Chinese leaders have suggested that housing reform be gradually accelerated in an all-round way.

Incomplete statistics show that by February 1991, 20 cities and 124 county towns had formulated housing reform programmes. In addition, 220 cities and counties conducted single-item reform of the housing system in various forms. With participation by Beijing and Shanghai, a new housing reform trend has emerged.

The housing reform is not of one pattern. In accordance with their specific conditions, various localities have come up with their own measures through democratic discussions, taking the capacity of various sectors into full account. The reform programmes generally, however, boil down to the following:

**The sale of houses.** Housing prices differ slightly. Commercial houses are sold to the public at the market price. The average selling price for commercial housing is about 600 yuan for each square metre of living space. The figure is as high as 3,000 yuan for each square metre of living space in some large cities. Because the selling price is high, those who can purchase commercial houses are of a high-income bracket or those who can get financial aid from their relatives and friends abroad. Another means is when units with housing property rights sell the houses to their workers and staff members at preferential prices, or the government and units subsidize the purchase of houses. Those who enjoy preferential treatment or subsidies are usually those on the lower end of the wage scale and in need of housing. In Shanghai, the 1991 preferential price for each square metre of living space is 250 yuan, or 33 percent of the comprehensive cost of the building with a 20 percent reduction for those able

to pay a lump sum. In Shantou, a coastal city in Guangdong Province, where houses are sold at market price, the government subsidized 20 percent, the unit where the workers and staff member work subsidize 20 percent and individuals pay 60 percent of the cost.

**Housing deposit accumulation fund.** The accumulation fund system is a kind of long-term compulsory deposit. Drawing on Singapore's experience, Shanghai has adopted the practice. Each worker and staff member pays 5 per-

cent of his or her monthly income as an accumulation fund and his or her unit provides an equal amount to the fund monthly. These accumulation funds are owned by the workers and staff members and cover the cost of housing, building houses by the unit and the renovation of private houses. If workers and staff members retire and settle abroad, the surplus accumulation funds are returned to them.

**Houses distributed for compensation.** While distributing and letting out houses, units with housing property rights require that housing applicants pay a stipulated amount of guaranty funds, ranging from 20-80 yuan for each square metre of living space. When the lease is terminated, the principal and interest of the guaranty funds will be returned to the tenants. The interest of the guaranty funds is used to make up for the shortage of maintenance funds. More than 50 cities and counties, such as Beijing, Guangzhou (capital city of Guangdong Province), Taiyuan (capital city of Shanxi



A residential area of Haidian District of Beijing.

YANG LIMING

Province) and Zhengzhou (capital city of Henan Province) have adopted this practice. Shanghai requires those who have been given houses also buy housing construction bonds. This can not only check unhealthy tendencies in housing distribution, but can also raise some housing construction funds for the state.

**The raising of funds for housing construction.** The state, individuals and their units pool a certain amount of funds for housing construction. This practice has been widely used to renovate dangerous urban housing.

**Rent increases.** In the course of promoting housing reform, various localities have raised rents. However, the means used differ from place to place. In some localities, rents have been raised to the cost level (about ten times higher than current rents) and the local governments or units issue a certain amount of subsidies. This practice helps restrain the excessive demand for public housing. In other places, when workers and staff members have the economic capacity, rents have been properly raised with-

out subsidies being provided. The rent is usually raised by one to five times so that it will gradually approach or reach the cost of maintenance and management. Still other places have adopted the practice of increasing rents and providing a little subsidy. The rent increases are thus borne by the government, enterprises and residents. Additional rent for living space exceeding the state-set maximum is charged in many cities. This means that within the living space set by the state or local governments, rents are collected according to the old figure and that additional prices apply for those with living space exceeding the state standard.

All in all, although various localities have adopted different ways to reform the housing system and their reforms, based on the commercialization of housing, reflect the enthusiasm of the state, collective and individuals for solving the housing problem. Specific plans have been discussed by the public and those deemed practical put into effect. Such progress bodes well for the future. ■

## Big Changes in a Small Alley

The ongoing housing reform and renovation of dilapidated houses are beginning to benefit Beijing residents.

Several years ago, 64-year-old Li Chongming could not dream of having an apartment of his own. Now, however, it is a reality: Li and his family have moved into a new 55-square-metre, two-bedroom flat with kitchen, toilet, bath and an 11-square-metre sitting room. Based on present market value, the flat is worth at least 150,000 yuan.

Li Chongming, who now works part-time, has a monthly pension of 130 yuan. His wife works in a small factory owned by the neighbourhood committee. Since the total monthly income of the couple is about 300 yuan, 150,000 yuan is an astronomical figure for them. The Beijing municipal government's housing renovation policy, however, gave the Li family the opportunity to have their

own flat.

Li Chongming, who has lived in Xiaohoucang Alley since birth, still clearly remembers the alley of his childhood.

### It Began With a Letter

The Xiaohoucang Alley is located in the northwestern part of Beijing, at the foot of the old city wall. In old China, the city's poor residents inhabited the simple, low and damp huts, and unused barns. For a long time, Xiaohoucang was considered a slum area of old Beijing and, even after the founding of the People's Republic of China, housing condition did not improve in the area for various reasons. As families grew, living space per capita was reduced and families had no alternative but to build small temporary shelters by their houses. As a result, the alley became even more congested and narrow.

In recalling the poor living conditions, 73-year-old resident Wang Fengzhi said, "My family lived in a small house but as my children grew, we had to build another small shed in the backyard as a kitchen. At that time, Xiaohoucang had more than 200 households, but only one public toilet and one water tap. You had to get up early. Otherwise, you would wait a long time in line for water and for use of the toilet."

Xiaohoucang's total area was 1.5 hectares and accommodated 298 families with some 1,026 people. Living space per capita was about 4.7 square metres. Half of the houses had gone unrepaired for more than 40 years and at any moment seemed about to collapse.

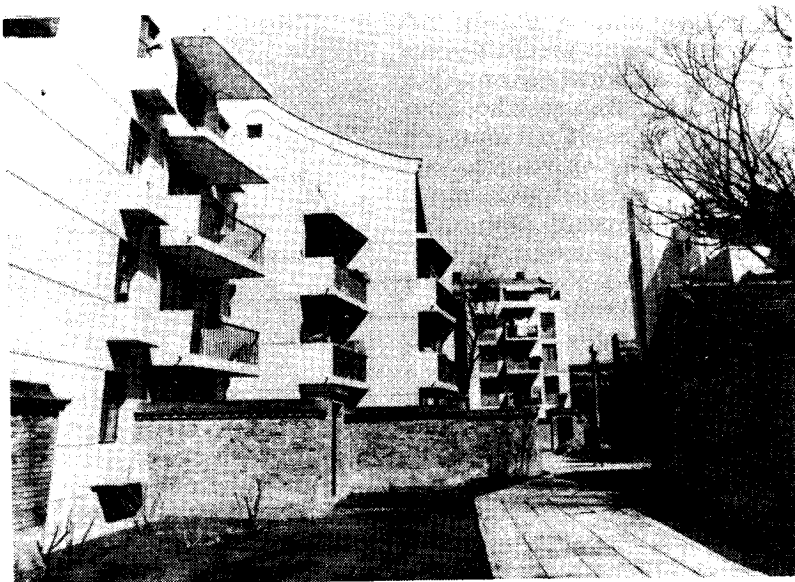
"One day, someone proposed writing a letter to the municipal government about conditions in the alley. Fifty-six signed the letter," said Li Chongming. "Originally, we only expected the government to improve our tap water supply, build another public toilet and repair some of the more decrepit housing. We never dreamed that our alley would become a project for housing renovation on a trial basis and be transformed into what it is today."

The city government attached great importance to the improvement of living conditions in the alley. In 1987, Xiaohoucang, together with two other alleys, were listed as the first group of trial areas to be renovated as part of the city's housing renovation.

### Homes for All

On the afternoon of November 19, 1990, the alley had a festive atmosphere. At the ceremony held to celebrate the completion of the renovation project, Chen Xitong, mayor of Beijing, and Zhou Ganchi, vice-minister of Urban and Rural Construction and Environmental Protection,

The new apartment building in Xiaohoucang Alley.





handed out apartment keys to 298 families and presented property certificates to 55 households who had bought their own flats.

Huang Jiang, a senior architect at the Beijing Architecture Design Academy, was the chief designer of the new building complex at Xiaohoucang. At the ceremony, she said, "We all wanted very much for the families to be able to move into new homes. The activity today is a direct result of the city's successful housing reform."

In the past 30 years, China had a welfare-like housing system. Rent was very low, only 0.18 yuan (equals about 2.5 US cents) per square metre. The public, unfortunately, still has the general idea that they need to pay for all of their living expenses except for housing. Housing, it is generally assumed, will always be paid for by the government. This not only adds to the burden on state finances but also prevents implementation of a long-term solution to the housing shortage.

The system has also led to many malpractices. Although new high-rise apartment buildings have begun to spring up around Beijing, dangerous housing conditions in old city districts have risen to 6 million square metres. Some 400,000 of the city's 1.8 million households live in cramped and dangerous houses. In recent years, although individuals have been allowed to buy houses, very few family could afford the high prices. Housing reform thus became an urgent issue. A complete solution to the situation, however, would require over 6 billion yuan. The big question was how to pay the bill.

Given the circumstances, it was inevitable that a new housing programme, with construction funds shared by the state, social units and individuals, would come into being. For example, the Beijing municipal



Photos by YANG LIMING

Left: A family decorates a new home. Right: Our staff reporter visits a new flat.

government allocated 2.35 million yuan as seed funds while the city of Fuzhou in Fujian Province invested some 7.5 million yuan in a comprehensive housing complex. When the project is completed, the houses will be sold to individual families at a reduced price of 300-350 yuan per square metre and the buyers can enjoy payment by installments within five years. For those families who cannot afford or would rather not purchase a house, they have the option of paying 40 yuan per square metre as a rental guarantee fee. The money is deposited in the bank and after one year the family's rent can be paid with interest generated by the bank deposit. The money will be returned to the householder when they decide to move to a new location. For families in particularly difficult situations, there is the option of paying a monthly rent at the rate of 0.55 yuan per square metre. At the same time, there will be a charge for balcony and yard space of 20 yuan and 10 yuan, respectively, per square metre as a rental-security.

Such a distribution method provides housing for residents and also maintains a balanced construction fund.

### Residents' Approval

Today's Xiaohoucang Alley is an apartment complex of nine

buildings of two to six storeys, which hold 350 residential flats and cover 22,000 square metres. The buildings which retain the traditional architectural style of housing in urban north China. In front of each building, there is a public yard and an arched gateway with red gates, grey walls, dark grey roofing and red window frames. Each flat has a storage place on the balcony, humorously called the "natural refrigerator" by residents, and heat-retaining outer walls. Some buildings also have an attic. The buildings, both practical and attractive, have won praise from both residents and visitors. One foreigner said, "I have lived in Beijing for a long time, but it is the first time I've seen such a beautiful Hutong (small alley). I used to think that it was easy to be a Chinese architect; all one needed was a blueprint for the building. I now realize, however, the extent of their talent and creativity."

The Kang family is typical of Beijing households: Old Kang and his wife live together with their daughter's three-member family in the two-bedroom flat. Although the house is still a little crowded, they have the use of the 60-square-metre-plus balcony. "The relatives and friends all envy our new apartment," said Kang's wife.

This reporter paid a visit to a flat in the building especially de-

# New Tax Law Favours Foreign Enterprises

by Our Staff Reporter Yang Xiaobin

**O**n April 9 this year, the Fourth Session of the Seventh National People's Congress (NPC) adopted an important piece of legislation—the Income Tax Law for Enterprises With Foreign Investment and Foreign Enterprises (the full text of the law will soon be published in our magazine—Ed.). The new law will come into force on July 1 this year and replace two separate income tax laws concerning Sino-foreign joint ventures and foreign enterprises enacted in the early 1980s. Together with the Law on Sino-Foreign Joint Ventures, the Law on Foreign Enterprises and the Law on Sino-Foreign Contractual Joint Ventures, the new law constitutes the framework of China's foreign economic legislation system.

According to Wang Binqian, state councillor and minister of finance, the new income tax law, based on the practice and experience of the last decade, follows the principle of not increasing the taxpayers' burden and not reducing favourable treatment. Provisions in the original tax laws which prove effective and are universal-

ly accepted are retained in the new tax law. Referring to common international practice, the content of some other provisions has been replaced. Wang Binqian noted that the amalgamation of the two old tax laws and the enactment of the new income tax law is a practical step taken by China to improve its foreign investment environment following the promulgation of the Law on Sino-Foreign Joint Ventures in April last year, and indicates China's adherence to the principle and policy of reform and opening to the outside world.

The taxpayers defined by the new law include (1) Sino-foreign joint ventures; (2) Sino-foreign contractual joint ventures; (3) exclusively foreign-funded enterprises; (4) foreign companies, enterprises and other economic organizations which set up organizations and establishments in China to engage in production and business activities; and (5) foreign companies, enterprises and other economic organizations which, though without organization or establishments in China, have dividend, interest, rent, royalties and

other income sources within China. In the law, the first three businesses are considered enterprises with foreign investment and the last two foreign enterprises.

## Tax Rate

The income tax on Sino-foreign joint ventures was previously computed at a flat rate while that of Sino-foreign contractual joint ventures and foreign enterprises is computed at progressive rates on amounts in excess of specified amounts of taxable income. According to the new law, the income tax on all these enterprises are computed at a flat rate. Experts believe that the flat rate is simple and clear and benefits investors by making feasibility studies and calculating economic returns possible and helps prevent the rise and fall of the applicable tax rate due to changes in prices and foreign exchange rate.

According to the new income tax law, the income tax rate for all enterprises is 33 percent, the same as the rate for Sino-foreign joint ventures in the old income tax law and much lower than the old laws'

signed for newlyweds. The inner wall was decorated with light green wallpaper and the floor covered with a light pink carpet. The room had new combination wardrobes, a pendent lamp and settee. Li Na, the housewife occupant, said, "Before we had no house of our own and so could never decorate. Now, with a house of our own, we naturally want to make it comfortable and attractive. We were able to buy the house because of the housing reform. We would be old and

grey if we had to wait for the work unit to allocate a house to us." When asked how much she had spent on housing decorations, she said, "The inner decorations only cost about 3,000 yuan." She did say, however, that they had used up all of their ten years of savings to purchase the new house.

"There is one thing about the renovation which gives me particular satisfaction," said Zhang Dali. "The Hutong is still together. The alley is our home. Until

recently, I haven't had contact with my father who has lived in Taiwan for over 40 years. When he returns to the mainland this year, however, I'm sure he will be happy to see the positive changes in our small alley."

Deng Dongsheng, whose family had lived in this alley for generation after generation, said, "Some 90 percent of the families have already bought colour TV sets, refrigerators and washing machines. Now, 80 percent of the families are having their houses

50 percent progressive rate for Sino-foreign contractual joint ventures and foreign enterprises.

### Preferential Treatments

According to the new tax law, the income tax rate for enterprises with foreign investment and foreign enterprises in special economic zones and production-oriented enterprises with foreign investment in economic and technological development zones is 15 percent. The income tax for enterprises with foreign investment in other areas which fall within the stipulation of the State Council and energy, transport and communications, harbours, docks and other projects encouraged by the state shall also be charged at a rate of 15 percent according to the stipulations of the State Council. The income tax rate for production-oriented enterprises with foreign investment in coastal economic development zones and urban areas where special economic zones and economic and technological development zones are located will be cut to 24 percent. These income tax rates, in fact, are the lowest in the world.

The new income tax law also stipulates that production-oriented enterprises with foreign investments which are scheduled to operate for a period of ten years or more shall be exempt from the

income tax in the first two profit-making years and allowed a 50 percent reduction of income tax from the third to the fifth profit-making years. Compared with the old tax laws, enterprises engaged in tourism, commerce and service are excluded from the list of businesses enjoying exemption and reduction of income taxes for a fixed period of time. Moreover, the scope of businesses enjoying tax exemption and reduction has been expanded from Sino-foreign contractual joint ventures and foreign enterprises engaged in agriculture, forestry, livestock breeding and a few other low profit-making trades to all production-oriented projects, and the length for tax exemption and reduction has been extended—an embodiment of China's industrial policy.

It is common practice internationally that related enterprises evade tax by the method of assigning profits through the transfer of list price. In China, this problem is becoming increasingly serious. Some foreign investors evade taxes and make profits by raising the prices of imported materials and forcing down the prices of products to be sold abroad or readjusting the standard for other charges. This has landed some enterprises in a prolonged loss making position and forced some to even close down. Because the old tax laws

did not have clear stipulations restricting these activities, the tax authorities could hardly make appropriate adjustments and handle such cases according to the law. The new income tax law has made stipulations to deal with tax evasions, as well as specific stipulations concerning the fines and punishments for violations of the law.

Since some enterprises which were previously established with foreign investment may find the old tax law more favourable, the new income tax law specifically prescribes that foreign-invested enterprises established before the promulgation of the new income tax shall continue to follow the laws and relevant stipulations of the State Council before the implementation of the new tax law if, according to the new income tax law, their new tax rate is higher than the old tax rate or their treatments concerning tax exemption and reduction are less favourable than they would otherwise receive under the previous tax law.

While commenting on the new income tax law, Gu Ming, member of the NPC Standing Committee, vice-chairman of the NPC Legal Commission and president of the China Economic Law Society, said that, generally speaking, it is an improved and more rational law. ■

decorated.”

### Some Problems

Although the Xiaohoucang Alley housing renovation has been a success on the whole, there have also been some problems.

For instance, a large pile of rubbish has been left by the new apartment buildings. There is no letter box in the buildings and so mail has to be sent to the residents' work units. This is a big problem for older retirees. Also,

the children who had to transfer to other schools during construction are delayed to return to their original schools near the alley.

Before, when the state built an apartment building, several flats were left open in order to be used as stores, post office and environmental protection department. However, the most recent renovation plans did not provide for these services. Hence, the above mentioned problems.

Wang Xunqing, deputy-director of the Real Estate

Bureau of Xicheng District, said that he was aware of the problems at Xiaohoucang. He said the rubbish was being cleared off and the student assignment situation was being resolved. Since the relevant authorities had not assigned Xiaohoucang an official name, however, the mail problem would take a while to solve.

He added that a district service centre will be in place by May and that it would provide environmental protection and housing repair services. ■

## China Buys 560,000 Tons of US Wheat

A Chinese trade group headed by Lin Zhongming, general manager of the China National Cereals, Oils and Foodstuffs Import and Export Corp., recently signed a contract with six US grain traders on the import of 560,000 tons of wheat. This contract is among the largest purchasers of foreign grain this year.

Lin said that wheat imports have made up a large proportion of grains, mostly from the United States in recent years. Statistics show that since China began to import grains from the United States in 1972, it has imported a total of 75 million tons of grains from the United States worth some US\$10.5 billion. Of this, some 80 percent are wheat. China imports 4.17 million tons of grains from the United States annually, valued at US\$580 million. In 1990, despite bumper grain harvests, China continued to import wheat from the United States, keeping its proportion of imported grains at 40 percent. Such purchases have made China a long-term, stable and reliable buyer of grains from the United States.

The grain trade between China and the United States has promoted the development of bilateral trade and friendly relations which benefit not only the growth of China's national economy but also the expansion of US agricultural economy. Such trade conforms to the economic interests of both countries.

Lin went on to say that the most-favoured-nation status is not only an economic issue but also a political question. It could play a key role in whether trade between China and the United States continues to expand and undergo long-term co-operation. Moreover, grain trade between the two countries also depends

on the steady development of the bilateral relations. Therefore, China hopes that grain trade between the two sides will not be affected because of this factor. Abiding by the principle of equality and mutual benefit, China will still continue to purchase grain from the United States so as to maintain a stable and steady development in grain trade between the two countries.

According to Lin Zhongming, when his group toured the United States they explored new co-operative programmes with some international grain traders so as to carry out new co-operation on the basis of the traditional grain trade.

by Yao Jianguo

## New Customs Bonded Rules

Starting April 1 this year, the General Customs Administration of China (GCAC) has implemented new bonded rules for commodities imported by material supply companies for foreign-funded enterprises.

According to the customs administration, foreign-funded enterprises annually need to purchase a great deal of raw materials in order to complete their production plans. These enterprises, however, commonly cannot buy in time small batches of materials and materials of various specifications which are needed by production. In order to improve the situation, China decided to establish the material supply companies for foreign-funded enterprises as a supplement to these enterprises' original supply channels.

The rules stipulate that raw and bulk materials, spare parts and components, auxiliary parts and fuel which are in short supply in the country and imported by the material supply companies for foreign-funded enterpris-

es, are bonded goods and may enjoy tax exemption and reduction, while domestic materials for the supply of the above-mentioned enterprises may not be stored in bonded warehouses.

By the end of last year, China had approved the establishment of 28,988 foreign-funded enterprises. In 1990, Sino-foreign joint ventures, co-operative and wholly foreign-owned enterprises now operating exported US\$7.81 billion worth of products, accounting for 12.6 percent of China's total export value. ■

## Hainan SEZ Investment Rules

The Standing Committee of the Hainan Provincial People's Congress approved the Regulations for Foreign Investment in the Hainan Special Economic Zone (SEZ) on March 16, and put it into effect that day.

The regulations encourage foreign businesses to invest in the province's industry, agriculture, communications, transportation, scientific and technological development and tourism and to set up export-oriented and advanced technological enterprises. Under the regulations, overseas businesses can invest through joint ventures, co-operative or solely foreign-owned enterprises in infrastructure and agricultural development projects, such as harbours, wharves, airports, highways, railways, coalmines, power stations, and water conservancy projects. According to the regulations, foreign businessmen may establish related enterprises and service projects that make high profits and quick turnover. Approved by relevant departments, they can also buy commodities for export, whose export is not restrained by state quotas or controlled by export licenses. Foreign businessmen may also invest in the development of large

pieces of land according to unified construction plans.

The regulations stipulate that with the approval of the People's Bank of China, foreign banks are allowed to open branches, joint venture banks and other financial organizations in the zone and, within the limits of the approved business, can carry out management activities.

The regulations also point out that with the approval of relevant departments of the people's government of Hainan Province, foreign businessmen can exploit mineral resources on Hainan Island according to the principle of rational exploitation with payment through joint ventures, cooperative or solely foreign-owned enterprises.

It also stipulates that in the Hainan SEZ all foreign-funded enterprises and share-holding firms with over 25 percent of their shares held by foreign investors have the right to engage in import and export. Customs, product tax and value-added duties will be waived for the import of machine equipment, raw materials (including building materials), spare parts, office necessities, communications and transportation tools, and other goods for construction and production in the enterprises. Export of enterprise products are exempt from customs duties and, apart from crude oil, refined oil and a few other products stipulated by the state, product and value-added taxes already paid in Hainan Island are to be refunded.

The regulations state that foreign exchange income earned from exports of the products produced by foreign-invested enterprises and from other economic activities may be retained according to the stipulations of the local People's Bank of China. Profits foreign businessmen earned by establishing enterprises in the Hainan SEZ can be transmitted abroad from the en-

terprises' foreign exchange account free of income tax with a foreign exchange distribution resolution certificate of the board of directors or of an authoritative organ equal to it and other relevant customs certificates. Foreign exchange wages of the overseas employees of the foreign-invested enterprises can be transmitted abroad after tax deduction.

The regulations stipulate that enterprise income tax rate for foreign-funded enterprises in Hainan is 15 percent. In addition, other concrete tax reduction and exemption measures are stipulated according to the fields and periods of investment.

The regulations also stipulate that income from production, management and other sources by foreign-funded enterprises in the Hainan SEZ is exempt from local income tax. Apart from cigarettes, liquor, mineral oil and a few other products should be levied half product and value-added tax according to the Hainan Provincial People's Government stipulations. Products produced by enterprises and sold in the Hainan SEZ are exempt from product and value-added taxes. As for products produced by enterprises to be sold in other parts of China, product and value-added taxes will be levied according to the regulations. The products, their imports limited by the state, must be reported and approved according to the related state stipulations. ■

### **Hainan Project To Begin Soon**

The development of Yangpu on China's Hainan Island, a project delayed due to changes made by foreign businessmen and other reasons, is expected to start later this year, announced Bao Keming, deputy governor of Hainan Province, at a news conference in

Beijing.

Yangpu, located in the western part of the Hainan Island, has an area of 30 square kilometres. Three years ago the Hainan provincial government decided to contract out the area's infrastructure to foreign investors. Investors can then use the land for 70 years at preferential rates.

Bao Keming said that it is the first time in China that foreign businessmen will undertake a project of such a big size. The first-phase construction of the project will cost 6 billion yuan. The second phase, when the main enterprises are introduced, will require about US\$6 billion.

The project will be carried out in a series of steps, beginning with an area of five to six square kilometres. Bao disclosed that the provincial authorities and the Japanese Kumagai Corporation based in Hong Kong have had serious negotiations on the project.

Contracts for the project are being drafted. If everything goes well, the contract for the first-phase development will be signed before June. ■

### **Anhui Lures Foreign Funds With Projects**

A total of 232 projects using foreign investment was announced by Chen Jian, director of the Anhui Provincial Planning Commission on April 11. These projects include 16 in agriculture, 10 in metallurgy, 4 in coal and power, 29 in chemical industry, 19 in building materials, 41 in machinery, 28 in electronics, 41 in textiles, 35 in light industry and 9 in communications and tourism. These projects are concentrated in the provincial capital of Hefei and Wuhu, Maanshan, Tongling and Anqing along the Chiangjiang (Yangtze) River.

East China's Anhui Province is a land-locked province close to

the coast. Its capital Hefei is one of the most important scientific and educational centres in China and a hub of the country's railway transport system. Chen noted that these projects involve the printing and dyeing of fabric and the production of silk, electronics, mobile communications facilities, video tape, hydraulic excavators acrylonitrile, chinlan, methionine, carded yarn, high-grade garment materials, special copper belt for electronics, precious metal powder and magnetic materials as well as dyeing and final treatment. All of them have bright prospects for co-operation. The above-mentioned four cities have a batch of large state-owned enterprises, ideal partners for foreign businessmen.

These projects require a total possible investment of 15.7 billion yuan, and US\$1.7 billion in foreign funds will be used. Foreign business people are allowed to set up joint ventures, cooperate in production with Chinese enterprises, establish their own enterprises, have their materials processed and assembled by Chinese enterprises or conduct compensatory trade. At the same time, they are also permitted to contract for and to lease or purchase the property rights of some small enterprises. In Wuhu City, foreign businessmen may develop a parcel of land on their own.

In order to protect foreign businessmen's rights and interests and make foreign investment a success, Anhui has formulated laws and regulations encouraging foreign investment. At the same time, the province will provide preferential treatment and convenience in land use, tax, construction and production.

Located in the western suburbs of Hefei, the new State Technology and Industrial Development District covers a total area of 2.2 square km. The district is expected to have 100,000-square-

km workshops this year. In the district, foreign businessmen are welcome to set up enterprises specializing in electronic information, new laser materials, optical-mechanical electric instruments and biological engineering and new energy and other new products. The municipal authorities will offer preferential treatment according to state policies.

by Yao Jianguo

## **China, Japan Makes New Burn Medicine**

A new burn medicine—Sanhuang Pearl Cream—produced by the Beijing Jiandu Pharmaceutical Factory has become an attractive product for the Pan Asia Trading Co. Ltd. of Japan. Mr. Arira Niizuma, an adviser to the Japanese company, said that his company decided on establishing a joint venture company with the Beijing factory so as to promote the development and popularization of the new product. The joint venture agreement is expected to be signed by the middle of this year.

The new company will have a total investment of US\$600,000 with 50 percent to be contributed equally by the two sides. During the term of co-operation of ten years, some 60 percent of the products will be sold by the Japanese side.

The new medicine was prepared from a mixture of traditional Chinese medicine and modern science. The product is effective in treating skin bleeds, relieving pain, promoting epithelial proliferation and reducing scar tissue. Clinical practice indicates that the cure rate is 95 percent for burns, wounds, frostbites and chronic skin ulcers.

Arira Niizuma said he is optimistic about sales prospects for the product on the overseas markets. The Japanese side plans to first enter the Southeast Asian markets and then Middle East and North American markets.

Two years after it begins operation, the joint venture will recover its total investment.

by Yao Jianguo

## **Light Mineral Water To Be Tapped**

A new kind of light mineral water from the Mentougou District of Beijing passed appraisal on March 25.

The source is in the Qingshui Township. Discovered by the Shoudu Medical College, the Geological Department of the Beijing University and the Agriculture, Industry and Commerce Corporation of Qingshui Township after two years of effort, and checked and tested by such authoritative organizations as the Chinese Academy of Preventive Medicine and the Zhongguancun Associated Analysis and Testing Centre, the Lingshan mineral water is low in sodium and strontium. Its various quality indexes are all in accordance with state standards. A chemical analysis shows that the water is similar to the well-known Mountain Valley and Barden Polar mineral water of the United States.

To help develop this rare mineral water, the relevant departments in Beijing and Mentougou District are investing a large amount of funds and technology to set up a bottling factory for the mineral water. To guarantee the stable ingredients of the water and prevent any contamination, some departments have designated the area around its source a preserve zone, and prohibited any planting, spraying of fertilizer or grazing.

Currently two foreign businessmen have showed interest in the processing and sale of the Lingshan mineral water. In order to encourage more foreign cooperation, relevant departments plan to publicize the mineral during the Beijing International Kite Festival to be held this month.

by Li Ming

## Modern Calligraphy—Realm of Freedom

*The Three Steps of Modern Calligraphy*

Authored by Gu Gan

Published by Chinese Book Publishing House

1990 Edition, 227 pages

Distributed by China International Book Trading Corp.

Reviewed by Temple Peng

For more than 4,000 years, from the earliest inscriptions on animal bones and tortoise shells to the latest reforms in the Chinese language, Chinese calligraphy has undergone various stages of development and evolution, and been formed into the following five standard calligraphic styles—*zhuan shu* (seal style), *li shu* (official style or clerk style), *kai shu* (regular style), *xing shu* (running style) and the almost irre recognizable *cao shu* (grass style). However, for a long time, these styles were the only acceptable orthodox forms of Chinese calligraphy and thus hindered Chinese calligraphy's free development. Chinese calligraphers for generations had restrained themselves from making any changes in the composition and structure of Chinese calligraphy except for a few minor variations in strokes and character arrangement. This resulted in a rigid, mechanical and self-confined style of Chinese calligraphy.

In recent years, however, a group of young talented Chinese calligraphers who, vexed with traditional styles, began to introduce new aesthetic concepts into the field in an attempt to open up a new horizon for modern calligraphy.

Gu Gan, an editor of the People's Literature Publishing House in Beijing and one of the leading advocates of change, has demonstrated his unique artistic insight and creativity not only by his own widely acclaimed works, but also by his bold and systematic generalization of modern calligraphic theory. His recent publication *The Three Steps of Modern Calligraphy* has been hailed as a landmark breakthrough in Chinese calligraphic theory.

The main purpose of the book, as Gu states in the Introduction, "is to combine the ancient with the present, the foreign with the Chinese," and "to analyse calligraphy in the light of the development of modern philosophy, aesthetics, religion, psychology and history; re-arrange and combine them into an artistic whole, and finally develop a form which embodies new concepts and values."

But what is modern calligraphy? To Gu Gan, it is a concept of artistic quality rather than a concept of time. "What we call 'modern calligraphy' is different from 'classic calligraphy'." Gu writes in the book, "While the ancient people wrote characters with their feeling, we write a character with ours." Thus, in Gu's opinion, modern calligraphy is nothing more than calligraphy with modern feeling. Gu's definition, though a little too simplistic and thus vulnerable to

serious criticism, is at the core of modern calligraphy.

Chinese calligraphy, from the very beginning, is more a practical means of recording than an abstract art form. However, with the development in printing technology, calligraphy gradually lost its original utilitarian function and centred on its artistic appeal. Today there are two main categories of calligraphy in China, one for practical use and one as a pure art. Classical calligraphy, to a great extent, belongs to the first category, with its foremost function as a recorder of symbols and, secondarily, as a work of artistic expression. Although some calligraphy, such as the antithetical couplets and scrolls hung in the living rooms of rich and intellectual families, show an orientation towards the artistic, their contents, usually words of compliment and blessing, constitute a far more important element than the form. Modern calligraphy, for the first time, thus began to be introduced as an abstract art form.

"Chinese calligraphy must step out of ancient Chinese mysticism and into the realm of modern scientific analysis, and then return to the oriental spiritual world," Gu argues. He believes that cultural communication between the West and China is both urgent and possible, and that there is no unbridgeable gap between the Chinese arts and the arts cherished by other nations in the world.

"Chinese calligraphy must break its self-isolation and join the outside world in artistic creation," said Gu.

Gu's book does not rest on theoretical analysis alone, however. In the second half of the book, Gu gives a detailed explanation and demonstration of his modern calligraphic theory. He provides a general outline of the basic approach to modern calligraphy in the three main steps, namely, the knowledge of basic skills, the association with nature and the grasp of the essence. The first step is to be familiar with the basic techniques and skills of modern calligraphy; the second is to cast one's feelings into calligraphy and the last, the highest stage, is to move from the world of obligation to the world of freedom.

But Gu does not consider the three steps as sufficient. In his opinion, such a division is only relative, like the bones, flesh and soul of a human body. Without the bones and flesh, there would be no man as a natural being, no place for the soul to lodge in; yet without the soul, the human body is lifeless. In other words, the three steps are a transcendental transformation from objectivity to subjectivity, from the outer to the inner world, from concreteness to abstractness, from the material to spiritual and from the body to the soul. "Art is the materialization of the soul," concluded Gu.

One of the praiseworthy characteristics of the book is the more than 250 illustrations, making the author's abstract theory more accessible to a wide audience. It includes as well a dozen calligraphic works of Gu Gan, further exemplifying his modern calligraphic theory. ■

## Cultural Relics on Display in Beijing

More than 170 cultural relics, unearthed in south China's Jiangxi Province, are on display in the Forbidden City of Beijing. The exhibition is scheduled to last from April to June this year.

The exhibited relics were provided by the Jiujiang City Museum, Dean County Museum, Xingzi County Relics Control Office and Lushan Museum, which are all under the jurisdiction of Jiujiang Prefecture of Jiangxi Province.

Dresses and personal adornments are the main subjects of the exhibition. There are clothes and dress materials which were excavated from a tomb of a Zhou family in Dean County dating back to the Southern Song Dynasty period (1127-1279). In September 1988, local construction workers inadvertently unearthed the tomb, after which time, the Jiangxi Provincial Institute of Cultural Relics and Archaeological Studies and Dean County Museum jointly undertook the excavation and clearance of the site.

Astoundingly enough, a female corpse found in the tomb has remained intact after more than 700 years. The woman was a native who married an official in Anhui Province, and she died in 1274. Now the body is on exhibition at the Museum of Natural History in Beijing.

More than 400 items of cultural relics were found in this tomb alone, a case rare in Jiangxi and the country as well. A colourful crown, a silver toilet case, a silver table cup, a colourfully painted round fan, a coloured cotton constellation map and a *zongzi* (a pyramid-shaped dumpling made of glutinous rice wrapped in bamboo or reed leaves) were some of the items.

The most impressive findings, however, were the well-preserved large amount of silk and linen fabrics, clothing, trousers, skirts, shoes, socks and quilts which total more than 300 items. More than 50 items are on display this time, providing an invaluable insight to the handicrafts, textiles and Chinese medicine developed during the Southern Song Dynasty.

Other subjects on display include men's and women's clothing, gold and silver vessels and jewellery, which were uncovered in the outskirts of Jiujiang City in June 1989.

Liu Ruiqi, a highest ranking civil servant during the Qing Dynasty (1644-1911) died in 1891 and was entombed with his wife. The style, adornment and colour of the unearthed official uniforms conform well to the historical records about the Qing Dynasty official uniform system, which dictated explicitly which adornments were for which specific rank. The garments of his wife are all refined clothing and exquisite embroidery. The Qing Dynasty was established by China's Manchu minority nationality and its ruling aristocracy had always ordered the other peoples to follow their style of hair and dress, which aroused strong resentment among the Han people, the biggest ethnic group of the Chinese people. To appease them, the Qing ruling nobles allowed the Han men to dress what they wore when they died and the women to dress in their former style. The uncovered dresses and personal adornments reflect this policy and its practice. And they give insight not only into the evolution of silk, embroidery and the official uniform system but also customs and habits at that time.

More than 50 pieces of porcelain were unearthed in the Jiujiang, Dean and Xingzi areas. Jiangxi is one of the most famous areas of porcelain production in China. Jingdezhen City, known as "capital of porcelain" in China, is in the province. On display are pieces from the Tang Dynasty (6618-907), Five Dynasties (907-960), Song Dynasty (960-1279), Yuan Dynasty (1206-1368) and Ming Dynasty (1368-1644). Among them, the blue and green spitted is a representative of the Yue Kiln during the Five Dynasties period. The blue and white glazed cup tray is a typical Jingdezhen Kiln product during the Song Dynasty. They embody the pre-Song characteristics of China's porcelains which paid special attention to simplicity and the quality of natural materials. The blue and white jade pot and vase are products of the Yuan Dynasty. The cobalt mineral was used to give colour. Fired under high temperatures, the colour turns white on the inside and blue on the outside, giving brightness and elegance. The successful manufacturing of the blue and white porcelain symbolized that China's underglaze coloured porcelain entered a new stage. They not only demonstrate the technological advancements of the time but also reflect social habits and aesthetic interests of respective times.

On exhibition are 21 Five-Hundred-Arhats pictures. These pictures were drawn by a Qing Dynasty painter named Xu Conglong. It took Xu seven years to paint the 500 arhats in the Buddhist story into 200 paintings, each measuring 2.74 metres wide by 1.25 metres long. These paintings reportedly attracted tens of thousands of viewers when they were on display in Nanchang, capital of Jiangxi Province. Only 113 paintings survived wars, with 112 of them



housed at the Lushan Museum and one at the Nanjing Museum. Visitors are all impressed by their exquisite composition, imaginative vision and masterful painting techniques.

by Wei Liming

## Progress in Western Xia Coin Studies

Progress has been made in recent years in the studies of the Western Xia coins, providing important evidence for revealing the mysterious history of that ancient kingdom.

A nation existing during the 11th and 13th centuries, the Western Xia was founded mainly by Dangxiangqiang people, an ancient minority in western China. Spanning more than 2,500 square kilometres including parts of the present Ningxia, Shaanxi, Gansu, Qinghai and Inner Mongolia, the Western Xia had a sound economy, a brilliant culture and a powerful military force. Together with the Liao Kingdom in northeastern China and the Song Dynasty of the Hans in southern China, it formed a situation of tripartite confrontation. Lasting for 190 years, the Western Xia occupied an undeniable position in Chinese history.

Chinese historical books record little of the Western Xia. For over 800 years, the history of the ancient Western Xia has been a major study subject for both Chinese and foreign historians. Although China has unearthed a great number of precious cultural relics from Western Xia tombs, including Buddhist scriptures written in Western Xia language, most historical materials about the kingdom are scattered in foreign countries. Therefore, the prosperity and decline of the Western Xia has been an enigma in Chinese history.

Studying Western Xia coins is an important means of revealing the enigma, according to Niu Dasheng, a well-known expert in Western Xia coins who acts as a research fellow in the Ningxia Cultural Relics Archaeology Institute.

In recent years, archaeologists have unearthed Western Xia coins not only in Western Xia tombs and city ruins but also in south and north China far beyond the Western Xia territory. What merit special attention are the more than ten sites in Ningxia, Gansu and Inner Mongolia, where a large number of Western Xia coins and coins of the Tang and Song dynasties have been unearthed from cellars or pits.

With evidence provided by the unearthed Western Xia coins, experts have re-organized historical material about the coins and have a general idea about features of the coins. Experts have also authenticated some doubtful Western Xia coins and tried to determine the origins of the 30 kinds of coins found so far.

"Fu Sheng Bao Qian" (fortune and holy treasure coin) has been determined as the earliest coin of the Western Xia, thus pushing Western Xia's coin casting one century earlier than the time recorded in previous historical documents.

The salient feature of the Western Xia's coin system is the casting of its own language. Minority regimes like the Liao and Jin that existed at the same period with Western Xia did not cast their languages on their coins. Through authenticating words cast on coins, experts also found that the Western Xia's coin system was influenced by the coin system of the Northern Song Dynasty (960-1127).

Although the Western Xia cast coins of its own, coins found in cellars or pits show that most of them were from the Northern

Song Dynasty, indicating that Western Xia and Northern Song coins were simultaneously in circulation in the Western Xia Kingdom. Some experts say this is because the Western Xia economy was not as developed as that of the Northern Song and was dependent to some degree upon the Northern Song.

According to Niu, who is famous for his authoritative work, *Overall Analysis on Western Xia Coins*, many questions concerning the Western Xia coins need further studies. Key issues include whether the Western Xia issued paper money or had gold and silver to circulate, the purchasing power of the Western Xia money, the Western Xia's currency theory and policy as well as the relationship between the Western Xia's currency and its politics, economy and culture.

## Chinese Ceramics 10,000 Years Old

At a recent national ancient ceramics symposium, Dr. Xiong Liao of the Zhejiang Fine Arts Academy proposed that pottery remains unearthed in 1966 at Xianrendong (Immortal Cave) in Wannian County, Jiangxi Province, are the oldest pottery relics ever found in China. They indicate that pottery was invented in China as early as 10,000 years ago, thus moving China's history of ceramics up nearly 2,000 years.

It is commonly thought by ceramics experts that the earliest Chinese pottery remains were those unearthed at the cultural ruins of Peiligang, Henan Province, and Cishan, Hebei Province, which were about 7,000-8,000 years old. "But my on-the-spot investigations and studies indicate that the pottery relics found at those two sites are

rich in variety, balanced in design and employ different decoration techniques. They seem to contain a certain aesthetic quality that would suggest that the pottery of that period had already been developed for quite a long time," said Dr. Xiong.

Xiong read over 1,000 historical archival references and wrote a comparative study on pottery remains unearthed at the New Stone Age ruins. In his monograph entitled *Chinese Ceramics and Chinese Culture*, Xiong argues that the quality, shapes and designs of the pottery remains found at Zhenpiyan in Guilin, Guangxi Zhuang Autonomous Region, and the above-mentioned Xianrendong, are more primitive than those unearthed at Peiligang and Cishan. From the economic features noted at the ruin sites, Zhenpiyan and Xianrendong, whose economies were based mainly on fishing, hunting and food-gathering, are older than Peiligang and Xianrendong, where evidence of comparatively developed agriculture was found. Xiong's theories have been proven by C14 tests: Zhenpiyan and Xianrendong ruins date back 9,000-10,000 years ago, and Xianrendong is the oldest. Therefore, the starting point of Chinese ceramics should be the Xianrendong ruins.

Xiong's work has evoked great interest among experts and been confirmed by authoritative sources.

Xiong, 46, the first person in China to obtain a doctorate in ceramics history, studied under Professor Deng Bai, a well-known theorist in the art of ceramics. Since 1983, Dr. Xiong has published 50 treatises—1.2 million words in total, about ceramics history. He said that the re-determination of the origins of pottery is of significant importance in the study of ceramics and its early development; in addi-

tion, it will have a positive impact on the history of Chinese civilization. ■

## Acupuncture Centre Founded in Beijing

After five years' preparation, the China International Acupuncture Examination Centre was recently opened in Beijing. It will hold its first international acupuncture professional efficiency test this October, according to Professor Chen Youbang, who is in charge of the centre.

The China International Acupuncture Examination Committee, composed of Chinese experts engaged in the theoretical study and clinical teaching of acupuncture, was simultaneously founded to direct the work of the examination centre.

Originating in China, acupuncture is a major part of the great Chinese medical treasure-house, famous for its unique theoretical system, unusual clinical effectiveness and easy and simple execution.

According to Xing Sishao, director of the Department of Policies, Laws and Regulations of the State Administration of Traditional Chinese Medicine, in recent years, many friends from different countries and regions have come to China to learn acupuncture, or invited Chinese experts to their countries to pass on acupuncture theory and techniques. The Beijing College of Traditional Chinese Medicine and the three international acupuncture training centres in Beijing, Nanjing and Shanghai have trained 5,000 acupuncturists for nearly 130 countries and regions. In addition, many countries in the world are actively undertaking acupuncture education. However, due to the lack of regulated training and examination standards, the theoretical levels and

clinical techniques of acupuncture professionals vary in these countries and regions. The international acupuncture professional efficiency test is mainly aimed at judging the candidate's level of acupuncture theory and clinical practice. The results will serve not only as a standard for the person to judge his acupuncture professional level but also a reference for his health administration department or academic institute.

The UN World Health Organization provided technological aid and equipment as well as relevant exam regulations and information from international medical circles to the centre during its preparation, said Bernard P. Kean, the UN World Health Organization's representative in China.

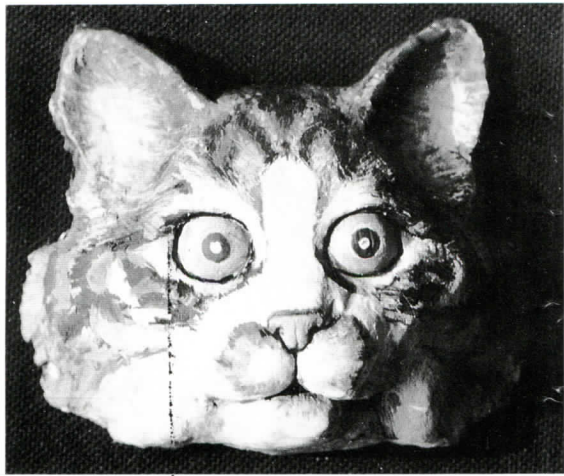
The centre's major examination hall is in Beijing, but examination halls may be established in foreign countries at their request, said Chen.

by Han Guojian

## China to Sell 1992 Olympic Tickets

Approved by the 1992 Albertville (France) Winter Olympics Organization Committee and Barcelona (Spain) Summer Olympics Organization Committee, the China Airline Service Company will be the agent of the two committees to sell admission tickets in China. It is the first time for China to publicly sell Olympic admission tickets. The company will offer services such as booking air tickets and selling tickets for the opening and closing ceremonies as well as for all Olympic events. The company has donated 200,000 yuan to the Chinese Olympic Committee to encourage Chinese athletes who are to participate in the Olympics.

by Lou Linwei



Cat.



Lion.



The Ancient Warriors.

## ART PAGE

### Li Ying's Clay Sculptures

Li Ying, born in Beijing in 1973, is now a student of the Beijing No. 201 Middle School. Fond of sculpture since his early childhood, he creates vivid clay figures and animals which highlight special Chinese folklore.



A Scene From the Myth "Journey to the West."

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