

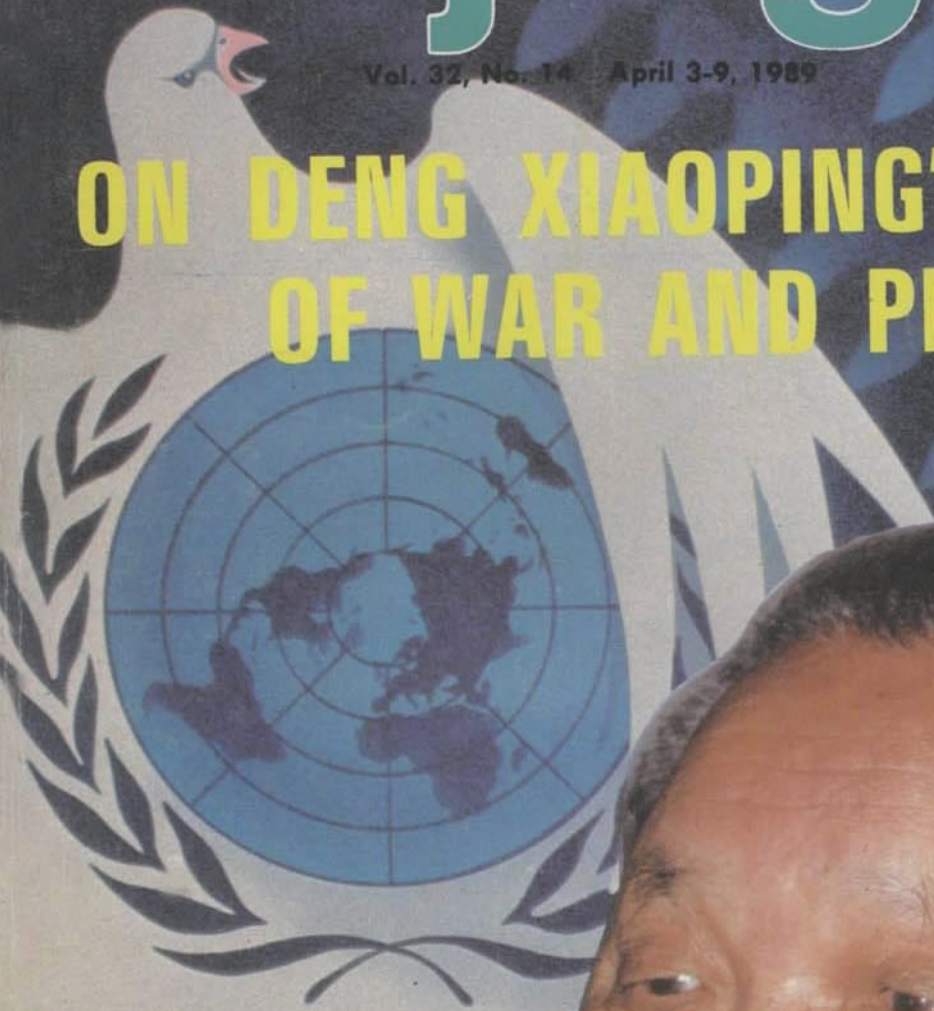
A CHINESE WEEKLY OF NEWS AND VIEWS

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ON DENG XIAOPING'S VIEWS OF WAR AND PEACE



How China Can Prevent
A Debt Crisis



Taking a break.

Photo by Sun Yi

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COVER: Deng Xiaoping.

Liu Shaoshan

Deng Xiaoping on Peace and War

□ Deng Xiaoping, one of the world's most experienced leaders, has observed and analysed international politics for many years. He has paid particular attention to the issue of how future world wars can be avoided. In this article, Wang Chunyang and Wu Ximing analyse Deng's thought, exploring his assertion that war can be avoided by relying on the "three forces"—the Third World, Japan and Europe, and the people of the two superpowers—and the "three ways"—the international application of the "one country, two systems" concept, mutual advancement through joint development, and Third World co-operation (p. 16).

Overstretched: Taiwan's Elastic Diplomacy

□ The Taiwan authorities' recent efforts to get themselves back into the world community through a policy of "elastic diplomacy" cannot succeed. Their goal of "two China's" and "dual recognition" is pure wishful thinking. Not only is it utterly impracticable, but it runs counter to both international law and public opinion on both sides of the Taiwan Straits (p. 4).

How to Prevent a Debt Crisis

□ Ten years ago, China had neither internal nor external debts. But since then it has borrowed heavily, and in the early 1990s faces a peak repayment period for overseas loans. Although China should have no difficulty paying off its creditors this time round, the key to prevent future debt crises lies in whether the economy can adapt to high interest rates and establish efficient industries and enterprises. In other words, it depends on the success or failure of economic reform (p. 23).

Zhou Enlai's Diplomatic Theory and Practice

□ The late Premier Zhou Enlai made great historical contributions to the development of friendship and mutual understanding between the Chinese people and peoples of other countries, and to the cause of world peace (p. 11).

Multi-Party Representatives Meet Media

□ Leaders of four of China's democratic parties faced off with over 100 journalists at a press conference hosted by the CPPCC session, fielding questions chiefly on multi-party co-operation between themselves and the Communist Party (p. 7).

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

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Overstretched: Taiwan's 'Elastic Diplomacy'

by Jing Wei

In recent months, the Taiwan authorities have enthusiastically promoted a policy of what they call "elastic diplomacy." They have even sent some leading political figures abroad to drum up support for this idea. However, this move has aroused the attention and vigilance of all people concerned with the reunification of China.

Why have the Taiwan authorities put forward this notion of "elastic diplomacy" today, of all days? Apparently so as to "breach their international isolation." It is true that the Taiwan authorities have become increasingly diplomatically isolated. But for certain they cannot depend on "elastic diplomacy" to resolve this problem.

"Elastic diplomacy" is not new. As early as 1972, soon after the Taiwan authorities were driven from the United Nations, their former "foreign minister" Chou Shu-kai openly claimed, "In the days to come, Taiwan will adopt an elastic diplomatic policy," welcoming contact from all non-hostile countries. This "elastic diplomacy" was an attempt to "unite with Russia," put pressure on the United States and impede the normalization of Sino-US relations. Without achieving his aim, Chou eventually had to step down amidst a wave of opposition.

Since China and the United States established diplomatic relations in 1979, increasing numbers of countries have acknowledged that the People's Republic of China is the only legal government representing China, and that Taiwan is only a part of China. Under these circumstances, the Taiwan authorities introduced their so-called "substantial diplomacy," involving the development of substantial relations with countries without diplomatic relations with them. In the last nine years and more, however, this has yielded little result and Taiwan's isolation has worsened day by day.

It was failure of "substantial diplomacy" which led to the second-round "elastic diplomacy." This differs from the "elastic diplomacy" of the 1970s. In fact, some scholars in Taiwan call it the "new elastic diplomacy." So what are the "new" contents? According to observers, they are chiefly, first, that the Taiwan authorities no longer support the principle of "one China" they had previously and repeatedly claimed they would always adhere to. Instead, they now prepare to develop official relations with countries that have already established diplomatic relations with the People's Republic of China in pursuit of so-called "dual recognition." And second, there is Taiwan's attempt to squeeze into inter-governmental international organizations under the title of the "Republic of China." This practice has only one inten-

tion: legalizing and solidifying the present separation between the two sides of the Taiwan Straits to eventually make the "two Chinas" an accomplished international fact.

However, it is merely wishful thinking on the part of the Taiwan authorities and is utterly impracticable.

Any act of the Taiwan authorities to create "two Chinas" will definitely arouse opposition from people of both sides of the Taiwan Straits. The Chinese government will never tolerate the materialization of the attempts of creating "two Chinas" or "one China, one Taiwan." No Chinese concerned with realizing the peaceful reunification of the motherland will sit by and watch indifferently acts of the Taiwan authorities aimed at permanently splitting their country. If the Taiwan authorities are bent on having their own way, they will simply move further from public opinion.

As far as international legal principles and political realities are concerned, there is no prospect of the Taiwan authorities succeeding either.

International law stipulates that a unitary country can only have one central government, and only this government has the right to establish diplomatic relations with other countries and join inter-governmental international organizations. China is a unitary country, the People's Republic of China is the only legal government representing China, and Taiwan is a part of China. This has long been acknowledged by the international community. As the Taiwan authorities can by no means qualify as a government under the main body of international law, they therefore do not have the right to establish diplomatic relations with other countries and join inter-governmental international organizations. The Taiwan authorities' attempt to create "two Chinas" through "elastic diplomacy" and "dual recognition" will definitely be opposed by countries which seek to safeguard the principles of international law.

The Chinese government does not object to Taiwan developing wide-ranging people-to-people, economic, trade and cultural exchanges with the countries of the world. These exchanges, which are growing, will benefit Taiwan's prosperity and stability. But "elastic diplomacy" with its futile attempt at gaining "dual recognition" is another matter.

"Whosoever understands the times is a great man." We hope the Taiwan authorities will no longer continue to run up and down the blind alley of separation, and instead will return to the path of peaceful reunification at an early date. Only in this way can the Taiwan authorities' current isolation be thoroughly removed. □

Deputies Voice On Education & Party Practice

We hope our premier is a premier of education," said Tao Dayong, voicing strong concerns by the people over education's problem to China's highest political body.

Tao, who is a leading Democratic League member of the NPC's Financial and Economic Committee, urged the congress to give serious attention to the problems that have emerged in education.

The deputy is attending the Second Sessions of the Seventh NPC and of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) which began March 19 in Beijing.

Another delegate, Chang Zhiyuan, deputy-director of the People's Congress of Liaoning Province, added his voice to the concerns felt by the Congress over declining standards in education.

It is the major task to quicken the steps of improving education. People's congresses at all levels should concentrate their work in this direction, said Chang.

During the congress, Xu Jialu, vice-president of Beijing Normal University published a probing article in the *Guangming Daily* stating that the crisis in education cannot be measured according to the number of students quitting school and teachers leaving their posts.

"If this (education) problem is not solved, then all social problems will be difficult to mandle," said Xu who sees the entire fabric of society threatened by the crisis.

Xu urged that economics



Deputies from Shanghai discussing Party practices at the People's Congress in Beijing. XUE CHAO

and education be allowed to work hand in hand, instead of using the attitude that resources must be deprived from the education sector in order to fuel the economy.

"The development of education is the essential precondition to economic development," he said.

Xu's views were echoed during the congress by He Zhiqiang, governor of Yunnan Province who said that, "...the development of education cannot be independent of economy. The facts have proved that the level of educational development and speed of economy's development are almost synchronized."

Xu urged both the central government and educational departments to liberalize their control of schools by giving more rights to those working in them.

In this way schools could be motivated by outside social forces and also develop their own ways of teaching.

In other matters—that of

corruption—Bai Xiangning, former vice-minister of Building Materials said that controls of malpractice and corruption have not achieved their expected goals.

The reasons, said Bai, are in the loose management of the Party and government, the excuses that leaders make for a few corrupt people who have violated disciplines and law. These leaders transpose the relations between power, relationship and law, and put power and relationships before the law, therefore, dampening the enthusiasm of the masses to battle corruption.

"If the upper beam is not straight, the lower ones will go aslant—when leaders behave honestly, we can win the initiative in the battle," Bai said.

Laws must be perfected, functions of commissions for inspecting discipline clarified, while-supervisory institutions and the mass media must be strengthened in order to expose corruption, said the former minister.

Some CPPCC members pushed for government orders and prohibitions to be strictly enforced.

Their view is, that if nothing is done, lower levels will move to counteract the anti-corruption regulations.

Bai said that Party members and leaders are underestimating the people's concern for inner-Party corruption.

Another representative, Liu Xuechu, expressed his worries about the image of the Party to the masses. He called for the Central Committee and the leaders at all levels to pay more attention to work done in combating corruption. □

Thrift Policy Holds Inflation

The Chinese have declared war on public enemy number one—inflation—calling for a 649-million-yuan budget cut. Finance Minister Wang Bingqian said that governments, both central and local, will have to balance their books to stop state deficits pegged at 7.4 billion yuan this year.

The chopping of 8.1 percent from government spending announced March 21 at the Second Session of the Seventh National People's Congress (NPC) continued Beijing's rectification programme.

Wang's report hit out at government overspending for being a "contributing factor in inflation"—the worst since liberation (1949), that has disrupted economic stability by chewing into the limited savings of common people.

The exceptions to these cuts include increased payments to the farm community as well as wage increases to workers and staff members of administra-



tive organs and public institutions.

The State Council has also decided to increase subsistence allowances for retirees in these public and state-owned enterprises at an opportune time this year.

Overall, Wang said, this year's budget will pursue a financial policy of retrenchment, curb demand for funds, reduce expenditures and control deficits. Plans will also be made to build up revenues.

The state budget projects revenues of 285.68 billion yuan, an increase of 10.4 percent over last year, and expenditures of 293.08 billion yuan, a 9.8 increase.

Revenues in the budget include domestic receipts of 269.18 billion yuan and foreign loans of 16.5 billion yuan. And expenditures in the 1989 budget include 276.58 billion yuan covered by domestic funds and 16.5 billion yuan by foreign loans.

Major items of expenditure include aid to rural production and other operating expenses for agriculture, 17.396 billion yuan, 1.886 billion yuan or

12.2 percent more than in last year; expenses for culture, education, science and public health, 51.388 billion yuan, an increase of 3.481 billion yuan or 7.3 percent; capital construction, 62.792 billion yuan, an increase of 843 million yuan; servicing the internal debt, 2.548 billion yuan and the foreign loans, 7.02 billion yuan.

The increase of expenditure for salary and wage readjustments in administrative organs and institutions will be 3.5 billion yuan.

NPC representatives have won concessions from the State Council to include specific budget breakdowns on both the central and local levels in the future, said the Finance Minister.

Total expenditures in 1988 came to 266.831 billion yuan with revenues totalling 258.782 billion yuan, leaving a deficit of 8.049 billion yuan, said Wang. The figures might change when the final accounts comes out, but the deficit is not likely to exceed the estimated amount. □

Multi-Party Reps Face Media

The Communist Party of China (CPC) and the non-Communist democratic parties are jointly working out a programme to further improve and develop multi-party co-operation under the leadership of the CPC, said a democratic party leader.

Wan Guoquan, vice-chairman of the China Democratic National Construction Association and a Standing Committee member of the Chinese People's Political Consultative Conference (CPPCC) said this type of co-operation suits China's actual situation and is the right choice of the Chinese people.

Wan was one of the four speakers at a press conference on March 23 at the Great Hall of the People in Beijing sponsored by the ongoing Second Session of the Seventh National Committee of the CPPCC.

When asked why co-operation is led by Chinese Communists, Wan said that co-operation between the parties is a political one and its leadership is also a political one. Take an orchestra performance for instance, he said, a conductor is always needed to achieve any effect of unity and consistency in its playing.

Wan said that this practice has been determined by both the historical and current situation in China just as senior leader Deng Xiaoping said in 1980.

A reporter from Taiwan asked: When a democratic party member was appointed as minister in the central government during the early days of People's China, was he not dissatisfied with his nominal title since he had no actual power?

In fact, he was controlled by a Communist vice minister.

Jia Yibin, vice-chairman of the Revolutionary Committee of the Kuomintang, replied that although this practice was generally not true, in a few cases, the "left deviation" ideology influence from within the Communist Party has existed.

Since the Third Plenary Session of the 11th CPC Central Committee in 1978, multi-party co-operation has been further advanced and perfected, Jia added.

When asked whether any members of the China Democratic League would be allowed to assume a minister's or vice-minister's post, or any senior position in the near future, or whether candidates could be recommended by the League or appointed by the CPC, Wu Xiuping, secretary-general of the League said that government officials like those referred to are recommended first by members and then by the leading bodies of the League. For the time being, no candidate has been nominated.

Wu also confirmed at the press conference that about 30 of the League's members signed a petition earlier this year demanding the release of so-called "political prisoners" in China. He said they have a legitimate right to do so and that their actions are within the Constitution. We won't interfere in their affairs. But we are not in favour of the practice whereby some individuals seek to exert pressure on the government by resorting to foreign influence, he said.

As far as I know, added Wu, some of the signatories did not know the process adopted by the initiator.

When asked if it was possible to see an additional democratic party established to the

present eight, Zhao Weizhi, secretary-general of the Central Committee of the Jiu San (September Third) Society, said that as far as he knew, it is impossible to have more democratic parties established since the present democratic parties already have widespread established relations and contacts with the people in their political activities.

At the meeting, Jia disclosed that some democratic parties in Taiwan are considering contacting democratic parties on the mainland.

He stressed, however, that all the democratic parties on the mainland will refuse to have any contact with those democratic parties on Taiwan that favour Taiwan's independence. □

Never Too Old to Love

It looked like a typical Chinese wedding feast with the smiling faces, the *gan-beis*, and chatter of a neighbourhood-size crowd in a two room flat.

Yet, it wasn't. The bride was 58, the groom 68, and stranger still was the matchmaker, a force that murdered 242,000 people. That killer, and matchmaker, was the Tangshan 1976 earthquake.

"Carry on, don't despair, even when defeated," goes a Chinese saying that would be apt for the situation.

Until 1976 Cui Shuqin was a middle-class workingmother of two. She was too busy living life to think about remarriage.

That's until the Tangshan quake came and besides breaking up 15,000 families, it killed her husband, ruining her simple life routine.

In post-Tangshan quake



A Pleasant Try of English Teaching

What's more fun, does it better, less painfully, and is the real thing?

Of course. It's one of Beijing's English teaching nurseries, one of the hundreds that flourish around the ancient capital.

The nursery school has brought the "home" to the school by getting parents to come and play, sing and talk with the children.

Children, parents, and teachers are relaxed in the casual atmosphere that allows for better learning of English that reflects in-house, in-family conversation.

Beijing DD's Language School has so far received rave reviews from its big and little participants.

It was started on March 5 by two Democratic League members, Ding Yaolin, also a *Beijing Review* retiree, and Ding Jie, who is talking with students—Li Nan (left) and Liu Lin, both seven years old.

by Wang Xin

there are very few scars. Those remaining are the 10,000 spouses left behind by the victims. Man and wife, thousands of them, caught in the feudal ethical code that says one should not re-marry, especially the "ladies," since it would be a disgrace.

Cui Shuqin was one of them. Having lost her husband, she was afraid to do it over again fearing that a new partner would turn cruel on her children. Instead she poured herself

into being the "good mother," giving her son Liang Yannian, and daughter Liang Junying, the best chances in life.

A decade has passed since then. Yannian works as an interpreter in the city government while his sister Junying, also married, has become a doctor. Cui Shuqin is free, and at the urging of her children she married Zou Wenqing, a scholar whose wife died of disease near the time of the earthquake.

Cui Shuqin and Zou Wenqing are typical of half the females and 80 percent of the males who have been single parents and now wish to marry, says Wang Zhuomei at Tangshan's marriage agency who advised Cui on the marriage.

"Although most of these old people wish to marry, things are quite different from a decade ago," she says. "They want to have time to know each other to prevent another breakup of their marriage."

Now that tradition has been put aside. The agency is busy trying to overcome a new obstacle—a more discriminating clientele. Just over 1,000 couples so far have been matched. □

City Smokers On the Rise

Despite the fact that around 86 percent of the urban population in China believe that smoking is harmful to the health, smokers now account for more than 40 percent of China's urban residents over the age of 15. Increasingly, youngsters are growing up to follow in the smudged footprints of their chain-smoking parents, fathers in particular, according to a recent survey conducted by China's Health Education Institute in Shanghai, Hangzhou, Xian, Changsha and Shijiazhuang.

The survey showed that 14,600, or 82 percent, of the respondents voiced their support for the national anti-smoking campaign. Among them, 74.49 percent of the smokers do not doubt that smoking is hazardous, as compared with 93.06 percent of non-smokers holding the same opinion.

The first worldwide "No Tobacco Day" held on April 7, 1988, has remarkably helped Chinese smokers quit their smoking habit. Since that day, the number of Chinese who smoke in public places has dropped from 10.47 percent to the present rate of 6.96 percent.

Doctors have been strongly opposing smoking because it has been found to be hazardous to the health and a main cause of various diseases, especially those related to the heart and lung. In China, the national anti-smoking campaign, begun in 1979, has had some effect on the country's cough-ridden consciousness, and a number of anti-smoking societies have been established in cities nationwide.

Nevertheless, the doctors also point out that only five percent of the smokers have given up smoking, and most of those were forced to quit because of illnesses caused by cigarettes.

They note that the percentage of tobacco addicts who stopped smoking and then were quickly driven to resume the habit, is excessively high. According to the survey, 64 percent of urban men smoke, with 70 percent of these found to be in the 30- to 35-year-old age group.

Calling for a stepped-up anti-smoking drive, Chinese doctors have urged that people be encouraged to give up the common Chinese practice of treating guests to cigarettes and presenting others with cigarettes as gifts. The anti-smoking campaign should target people of a certain age group and regulations should also be drawn up to prevent public places from being polluted by noxious tobacco smoke. □

Weekly Chronicle

(March 19-25)

POLITICAL

March 21

□ China once again condemns South Africa's evil system of apartheid. In a message to G. Garba, chairman of the UN Special Committee against Apartheid, Chinese Premier Li Peng expresses solidarity and support for the committee's endeavours, while urging Pretoria to stop trampling on the fundamental rights of black people. It is the Chinese conviction that the South African people will triumph in eradicating the racist system.

□ An Albanian delegation, led by Deputy Foreign Minister Kapplani and Deputy Foreign Trade Minister C. Hoxha, leaves for China and Japan on an official visit to the two countries, according to Xinhua News Agency. This will be the first such visit to China since the end of 1970s. In China, they will mainly discuss Sino-Albanian relations.

March 23

□ China's senior leader Deng Xiaoping says that in the past decade China has made satisfactory progress but also some mistakes. The principal ones are insufficient development in education and failure to keep the people and Communist Party members aware of the necessity of maintaining the fine tradition of hard work and plain living while developing the economy and improving living standards.

Deng makes these remarks while meeting Ugandan President Yoweri Kaguta Museveni, who arrived in Beijing on March 21 for a five-day official

visit to China.

Deng says he has withdrawn from his daily work schedule and asked for leave from the on-going Second Session of the Seventh National People's Congress. "What is more important is that I should gradually withdraw from the stage and let others preside over the work," he says, adding that the old leaders should be aware that they should not let the new leaders feel that there is a kind of force above them.

ECONOMIC

March 23

□ To meet the growing demand both at home and abroad, China's national air carrier, the Civil Aviation Administration of China (CAAC) is going to buy 90 airliners before 1993. Of these aircraft, more than 60 will be imported from Europe, the Soviet Union and the United States, says Hu Yizhou, CAAC director-general. The rest will come from domestic aircraft manufactures and plants that assemble passenger aircraft with imported parts and components.

SOCIAL

March 23

□ Tourists will be offered alternative trips to Tibet if they want to witness Tibetan culture and see Tibetan monasteries, says general manager of the China International Travel Service. He says that tourists will be offered trips to Gansu and Qinghai provinces, where there are famous monasteries of the Tibetan Buddhism. Tourists are not able to go to Tibet because of the imposition of martial law in Lhasa, he adds. □

China's Policy on a Multipolar World

by Ding Xinghao

Two of the world's important trends are that of socialist nations endeavouring to reform their economic systems and that of capitalist countries trying to reorganize their economies. These trends have led the world to a new pattern of relations never before realized.

The United States and the Soviet Union still represent the two poles of the world in the light of their military force. Economically, the United States, Japan and the European Community share the three polars. Politically we can really regard the world as multipolar.

The United States and the Soviet Union, besides having their tremendous stockpile of advanced conventional weapons, also hold 97 percent of the world's total nuclear weapons which make them worldwide military superpowers. The treaty on the elimination of intermediate-range weapons has reduced the danger of nuclear hostility in Europe and further promoted disarmament talks between the North Atlantic Treaty Organization (NATO) and the Warsaw Pact nations. This showed a good beginning of world detente.

However, the readjustment of Soviet-US relations, their strategic withdrawal and the reduction of their involvement in regional conflicts to a less ferocious degree do not mean any basic change of their relations as military opponents over a long spell in the future.

The author is a senior research fellow at the Shanghai Institute of International Studies.

They will to some extent continue to dominate the world while still holding clout throughout the world with their military superiority.

In economies, the United States has lost its leading posi-

tion that the newly emerged countries have become stronger while the political and economic strength of the Western and Eastern blocs is declining. This process has checked behaviour of the Soviet Union and the United States.

Under the condition of world detente, the "multipolar" world offers opportunities for every country. Nations that attune their foreign policy to this global trend will gain initiative.

China has consistently pursued an independent, peaceful foreign policy. The readjustment of Soviet-US ties and the diversification of international contradictions make it essential for China to decide the priorities of its foreign policy. Which of the three chief areas of security, development and ideology should carry the most weight in China's foreign policy?

Generally speaking, ideology comes second to national security and development. As socialist and capitalist systems will have to co-exist for a long time to come, differences of social systems and ideologies should not be allowed to stand between nations. Likewise, relations between nations should take precedence over party to party relations.

Our country will be in an advantageous diplomatic position if it really distinguishes party relations with state relations. This approach can also be applied when dealing with the triangular relations of the Soviet Union, the United States and China. □

The current world is more complicated than in the early 1970s when Henry Kissinger first presented the concept of multipolar world.

tion while the EC's GNP surpassed it. Still more serious has been Japan's rise to being the United States' strongest competitive counterpart. Many Americans believe that Japan's role of being an economic competitor is more dangerous to their country's security than their traditional military opponent — the Soviet Union. Actually, three economic rims of North America, Western Europe and East Asia are taking shape.

The political multipolar pattern was understood clearly as early as in the 1970s. Henry Kissinger first conceived the concept of a multipolar world and applied it to his analysis of the then existing world characteristics.

The reasons behind political multipolarization have been

On Zhou Enlai's Diplomatic Theory

The late Zhou Enlai was one of the founders of the People's Republic of China and a world-famous diplomat. He was premier of the People's Republic of China for a long time and concurrently foreign minister before 1958. As one of the main leaders of the Chinese Communist Party and the government he played an important role in forming foreign policy decisions. He took a leading role especially in foreign affairs. He had made many innovations. On the eve of his 91st birthday the Chinese Foreign Ministry held a symposium entitled: "The Diplomatic Theory and Practice of the Late Zhou Enlai." The following is an excerpt of a speech at this symposium on March 3.

by Ni Liyu

To preserve peace and fight against war is the fundamental policy of New China and also the basic point behind the late Zhou Enlai's diplomatic theory. On different occasions he pointed out that our country is a socialist one and we believe in the superiority of a socialist system and dare to peacefully coexist with countries of different systems.

Five Principles of Peaceful Coexistence

The international community consists of various countries. For world peace Zhou Enlai paid particular attention to handling relations between nations.

Premier Zhou first issued the well-known Five Principles of Peaceful Coexistence (mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence) in December 1953 while China and India were conducting negotiations on the Tibet issue.

At that time he said that between any two countries, and

particularly between two big neighbouring countries like China and India, there must exist some controversial issues. According to the Five Principles of Peaceful Coexistence, any issues that had been suspended or pressing for resolution could be solved. The Indian side endorsed these principles.

Then the Sino-Indian treaty on the issue of Tibet definitely declared that the Five Principles of Peaceful Coexistence were fundamental ones in handling relations between countries.

When Premier Zhou Enlai visited India and Burma in June 1954, he joined premiers of these two nations in making joint statements to reaffirm these principles. They also maintained that these principles were applicable to relations among Asian countries and other countries of the world.

When the countries that had advocated peace and neutrality and the countries which joined military cliques started to engage in a battle of words at the Bandung conference in 1955, threatening to stalemate the conference, Zhou Enlai

proposed that the Asian and African countries cast away their different ideologies, different state systems and their different international commitments to one side or the other in the past or present. He asked these nations instead to take peace and co-operation as their common basis. He said various countries should seek the largest common points among themselves and could not do all things according to their own views.

He solemnly stated that the Chinese delegation attending the conference would seek out area of agreement, not the differences. This approach is a well-known principle in diplomacy as seeking common ground on major issues while putting aside differences on minor ones. The spirit of this is embodied in the principles of peaceful coexistence and played a major role in promoting the unity of the Asian and African countries and making the Bandung conference a success.

The ten principles adopted at the Bandung conference contain the contents of the Five Principles of Peaceful Coexistence. They were actual-

ly developments of the five principles.

This was the first time that socialist countries and capitalist countries set the principles of binding force on mutual relations at an international conference. At the beginning Zhou Enlai stressed them as norms to handle the relations between countries with different systems. After the events in Poland and Hungary occurred in 1956, he further considered these as guidelines not only to those countries with

socialist countries, but now Soviet leaders have changed their attitude and regarded these principles as a foundation for mutual relations between socialist countries.

In the past, some Western countries ignored implementing the Five Principles of Peaceful Coexistence in their relations with China. Only now do all Western countries agree to develop relations with China on the basis of these principles.

It can be said that the Five

eighty and interfered in the internal affairs of other countries.

Zhou clearly pointed out that the Five Principles of Peaceful Coexistence are inseparable guidelines and that it is impermissible to advocate only the last principle—peaceful coexistence, when there is a violation of the previous four. Facts prove that the implementation of the previous four principles leads to the last one.

In one way we can see this when some Western countries said that their colonies would exist with them peacefully, that colonial countries could not wage their struggle for national liberation.

Zhou Enlai refuted this by saying that all nations of the world should peacefully coexist, but that colonies must first have independence. Peaceful coexistence must involve equal relations between states and can only be pursued among truly independent countries. The colonialist countries and colonies, said Zhou, cannot peacefully coexist because this would be an unequal relationship and therefore it cannot be spoken of being in peaceful coexistence.

While implementing the Five Principles of Peaceful Coexistence, Zhou first concentrated his attention towards China's neighbours, striving to solve their historical disputes according to these principles, establishing good-neighbourly relations so as to safeguard a peripheral environment of peace and stability and set up typical examples of peaceful coexistence to the rest of the world.

There were two questions in the relations between China and its neighbours, especially the Southeast Asian countries at that time—boundary ques-

President Yang Shangkun and Premier Li Peng attending the symposium in Beijing on March 2.



different systems, but also to the countries with the same system.

The Chinese government's statement of November 1, 1956 examined and approved by Premier Zhou Enlai pointed out that "the relations between the socialist countries should all the more be established on the basis of the Five Principles of Peaceful Coexistence."

This approach and its major ideological principles have stood the time test.

Former Soviet leaders did not agree that these principles could be carried out between

Principles of Peaceful Coexistence have become a universal norm in establishing and developing relations between countries, and they have exerted and continue to exert inestimable influence on the establishment of a new order of international relations. During his lifetime Zhou Enlai strove to spread these principles and persistently fought against actions which misinterpreted and abused them. For example, some countries gave lip service to advocating peaceful coexistence but actually encroached upon other countries' territorial sover-

tions and overseas Chinese issues.

From the 1950s to the 1960s Zhou worked hard attempting to solve these two questions. He considered that only when these two questions were properly solved could China peacefully coexist with its neighbours.

Zhou saw the boundary issues between China and its neighbours as a result of unequal treaties imposed by imperialist powers on past Chinese governments. New China cannot take responsibility for them and newly independent countries also cannot. Handling these questions should be done according to the past historical background and present real formation.

He advocated for settlement of disputes on the basis of the original treaties and through mutual understanding and accommodation. The countries concerned should quit their occupied territories beyond the boundary lines set in the old treaties and sign new treaties to replace the old ones.

The new approach was based on the concept that neither side should impose itself on the other, that boundary questions should be fairly and reasonably solved in accordance with the Five Principles of Peaceful Coexistence and the 10 principles of the Bandung conference and through friendly consultation.

It was with this spirit, under the direct leadership of Premier Zhou Enlai, that the Sino-Burmese, Sino-Nepalese, Sino-Pakistani, Sino-Afghan and Sino-Mongolian boundary issues were successfully resolved.

Zhou's ideas demonstrate that China has never attempted to expand into its neighbour's territory. Whenever there are unsettled conditions,

the two sides should preserve the status quo, refuse to go beyond what has already been established, and seek a peaceful settlement through friendly consultation.

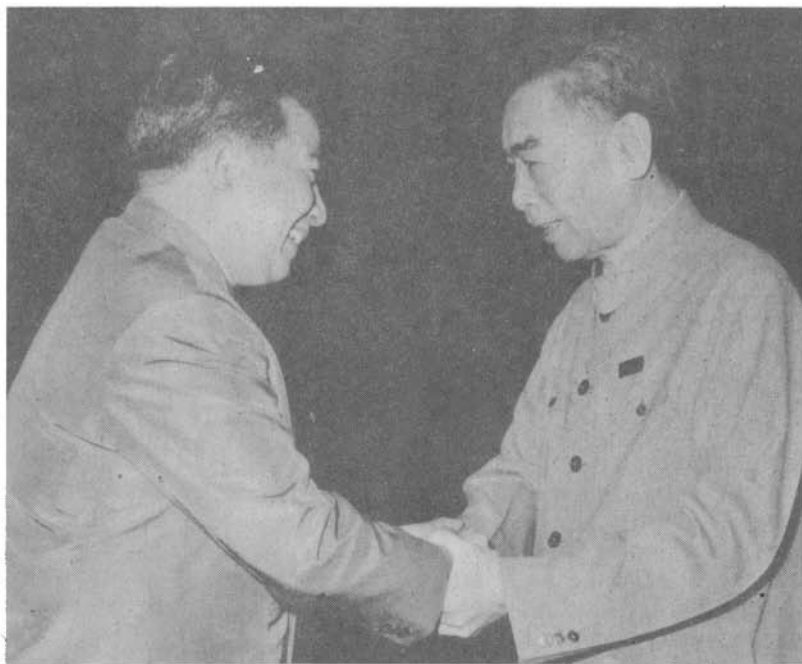
When New China was founded, it had 12 million overseas Chinese abroad, mostly scattered throughout Southeast Asia. Many of them held dual nationality, that is, they held nationality of the country of their residence while maintaining their Chinese nationality.

Zhou Enlai's stand was that one person could have but one nationality, not two. On many

ed and protected. Zhou had expressed this desire to the leaders of Burma, Indonesia and Thailand and conveyed such a desire to the leaders of Singapore through the leaders of Thailand.

During the Bandung conference he signed the treaty on the dual nationality of China and Indonesia with the Indonesian government on behalf of the Chinese government.

It can be seen that by advocating and spreading the Five Principles of Peaceful Coexistence to handle state-to-state relations, Premier Zhou Enlai



Premier Zhou Enlai warmly greets Prince Sihanouk in Beijing on August 20, 1972.

occasions he expressed his desire that Chinese inhabitants throughout Southeast Asian would become legitimate nationals of their adopted countries. If they kept their Chinese nationality, they are obligated to observe the laws of their resident countries and restricted from taking part in the nation's political life.

But their legitimate rights and interests must be respect-

made a great contribution made by Premier Zhou Enlai to international relations.

Revolution and Diplomacy

For China, a socialist country, it is of vital importance to correctly handle the relationship between revolution and diplomacy while promoting peaceful coexistence with the capitalist world.

Zhou Enlai's diplomatic activity never evaded the fact that China is a country led by the Communist Party. Never did he conceal China's support for revolution.

But he considered that the diplomacy is in the realm of state-to-state relations, while revolution is the internal affair of a country. The two areas could not be confused.

Diplomacy is mutual exchanges between the governments of sovereign states and a major means by which to carry out the foreign policy. The main function of diplomacy is to make representations, conduct negotiations, clarify conditions and preserving the interests of a country's nationals living abroad.

Over long periods international laws have been formed as the rules of mutual relations of nations.

In the international exchanges Zhou Enlai paid particular attention to the international law, stressing its study in exchanges between various countries.

After the founding of New China the Foreign Ministry invited well-known experts of the international law such as Zhou Gensheng, Liu Zerong and Ni Zhenao as advisers.

On many occasions he told Chinese diplomatic envoys to other countries that they must develop good relations for China with their subject countries while they observed and studied the situations inside these countries. But, he added, they could not interfere with the internal political life of

any nation.

Revolution is the sole matter of the people in each nation. It is dependent on the local people and not on external forces. Revolution is not for export and the road must be one chosen by the people themselves. It cannot be interfered with and imposed upon by the outside.

He emphasized that China's support for revolution should be mainly in the form of moral influence.

Although sympathizing with movements for national inde-

of the principles of peaceful coexistence between states. To support the revolutionary struggle of all peoples and especially the struggle to win and preserve national independence without interfering in the internal affairs of these countries was a fundamental ideology of Zhou Enlai's handling of relations between diplomacy and revolution.

This ideology has dialectically integrated the Five Principles of Peaceful Coexistence with the support to the revolutionary struggle of all the peoples, and this approach is consistent in New China's foreign policy.

During the "Cultural Revolution," Lin Biao, Jiang Qing and Kang Sheng and their like whipped up and used the "ultra-left" trend of thought and imposed their noses into diplomatic work in an attempt to usurp China's diplomatic power.

They brought slander to China's diplomatic work that had evolved over the 17 years since the founding of New China, calling it a "capitalist line to imperialism, revisionism and all reactionary." They put forward slogans such as "down with imperialism, revisionism and all the

reactionaries," while alienating China's foreign policy away from the correct orbit and damaging our relations with some countries.

Zhou Enlai then resolutely struggled to draw our foreign policy to the right line. Chairman Mao Zedong even had to intervene and these errors were finally corrected.

Premier Zhou meeting former Australian Prime Minister Gough Whitlam at the airport in October 1973, Beijing.



pendence and national liberation, he said, we have never intervened in them. Non-interference in other nation's internal affairs is a major component of the Five Principles of Peaceful Coexistence and should be strictly observed.

It is still not necessary to give up the stand of morally supporting revolution because

Zhou Enlai himself made apologies to other nations for the ultra-left actions. He took the responsibility and once again restored friendly relations with these countries.

On May 20, 1970 Mao Zedong issued a statement on revolution and war. He stated: "The danger of a new world war still exists, and the people of all countries must be prepared. But revolution is the main trend in the world today."

On November 13, 1970 Zhou Enlai made a major explanation on the term "revolution" to the former Pakistani President Afgha Muhammad Yahya Khan. He said that revolution has a broad meaning. It also includes the striving to win and preserve national independence and oppose outside interference.

Afterwards he made a statement on the international situation: "The countries want independence and don't want colonialism; the oppressed nations want liberation and real liberation; the oppressed people want to make revolution."

Then he emphatically pointed out that all these relied on independence and self-reliance and not on others. We opposed the export of revolution, he said. This means that one nation could not replace others to make its own revolution. But revolutionary ideology could still be spread throughout the world, because it had no national boundaries, he added.

His explanation and interpretation had not only made our diplomats recognize our attitude towards the relations between diplomacy and revolution, but also removed misinterpretations and doubts from all sides so that the peaceful spirit of our foreign policy could be completely

carried out.

Countries Are Equal

Old China was an oppressed and enslaved country. The world powers had never treated it equally in the past and had imposed many unequal treaties upon it.

After the founding of New China, it won equal status internationally and rescinded all unequal treaties.

This historical experience has made us prize the principle that big and small countries stand on an equal footing.

During his lifetime Zhou's speeches and actions vividly embodied this ideological principle. Many times he pointed out that relations between countries should first be equal.

Countries can only cooperate on the basis of equality. He especially stressed that the large and strong countries must treat the small and weak nations equally. He said to British author Neville Maxwell that the equality mentioned by us was the political one. Political relations even towards a small country should be carried out with respect for its sovereignty.

You should help its economy and make it independent, but not make it reliant upon you.

The superpowers attempted to invade, subvert other countries and interfere with their internal affairs and bully them. All these we opposed.

In this sense the superpowers were not seen by their state strengths but by their policy. Zhou said to some American friends that a country should not always think of leading other countries. It was dangerous for a country to force others to see itself as a leader. The United States suffered greatly for attempting this. Morally it

could not lead others. All nations, big or small, are equal regardless of their populations.

He stressed that Asian and African countries would have to have a spirit of equality, removing the reliance mentality that is the ideology of worshipping foreign countries and fearing foreigners. Only in this way could they cultivate national confidence and self-respect. To cultivate the spirit of equality, he said, is not anti-foreign ideology. If other countries did not treat us on an equal basis, we should not yield before them. This is the spirit of Asia and Africa.

Zhou repeatedly stressed that China requests to be treated equally, but it must first eat others equally. China could not replace other countries doing what it had no right to do. China must not impose its will on other nations.

This is the differences between China and the superpowers. China should listen to the opinions of small countries. If it does not listen to their opinions, but only to the voices of big countries, that would violate the principles of equality between big and small countries.

□



Deng Xiaoping on Peace and War

by Wang Chunyan and Wu Ximing

Is the world heading towards peace or war? Throughout history, people have discussed, debated and argued this question. Among them is Chinese leader Deng Xiaoping, who over the last decade has continually observed and analysed developments in international politics. After examining his speeches and writings on the subject, we believe his thought on the subject can be summarized into five principal themes.

1. Peace & Development

In the later 19th and early 20th centuries, capitalism evolved into imperialism. According to Lenin, imperialism was both the highest stage of capitalism and marked the eve of proletarian revolution. Stalin subsequently labelled this era "the epoch of imperialism and proletarian revolution." He declared that the three main contradictions of the time lay between the proletariat and bourgeoisie in the imperialist countries, between the imperialist countries and their colonies and dependencies, and between the imperialist countries themselves.

During the 1960s, the Communist Party of China modified Stalin's definitions and added a fourth. The contradictions now lay, it was stated, between the socialist camp and the imperialist camp, between the proletariat and bourgeoisie within the capitalist countries, between the oppressed nations and imperialism, and between the imperialist countries and monopoly capitalist groups.

The authors are military theory researchers of the Nanjing Military Area.

Although these contradictions have not been fundamentally resolved, since the 1960s, and particularly in the 1980s, they have undergone a series of major transformations. First, as the socialist camp is no longer a single, unified body, the dichotomous contradiction between imperialism and socialism has been replaced with contradictions between individual socialist and capitalist countries. Second, the rapid development of internationalized production has increased economic co-operation between the imperialist countries, resulting in the replacement of military competition with economic coalition and competition. Third, the expansion of production within the imperialist countries has greatly raised the standard of living of their working people. Combined with the method of economic exploitation of Third World countries to develop their own economies, this has somewhat eased the bourgeoisie-proletariat contradiction. Finally, with independence for the colonies, the military contradiction between them and the imperialists has been replaced with a new set of contradictions in the problems of their economic development.

This series of transformations has led to a new pattern of global economic and political relations:

East-east, between the socialist countries;

West-west, between the monopoly capitalist countries;

East-south, between the socialist countries and the capitalist national-

democratic countries;

East-west, between the socialist countries and the monopoly capitalist countries;

North-south, between the developed countries and the developing countries;

South-south, between the developing countries.

Among this series of relations, which are the most important in the world today? For Deng Xiaoping, they are the east-west and north-south pairings: between them, they embrace the major issues of global peace and global development.

2. World War Can Be Avoided

Since the start of the age of imperialism, avoiding world war has been one of the major concerns of people around the world. Using the law of "the uneven development of imperialism," Lenin concluded that world war was unavoidable. His thesis was proved right in 1914 and 1939.

Shortly after the conclusion of World War II, while maintaining that Lenin's belief still held true, Stalin claimed a third world war could be postponed. During the early 1950s, many people thought a new world war would soon break out. But Mao Zedong thought it differently: "A new world war can be averted, provided the Communist Parties of the world continue to unite all possible forces for peace and democracy and help their further development." ("Fight for a Fundamental Turn for the Better in the Nation's Financial and Economic Situation," *Selected Works of Mao*



Normalizing relations: Deng Xiaoping meets Soviet Foreign Minister Eduard Shevardnadze on February 4, 1988.

LIU JIANGUO

Zedong, Vol. V.) Unfortunately, Mao did not stay true to his own ideas, and during the 1960s he made ever more frequent and serious predictions about the imminence of another world war.

Since 1978, Deng Xiaoping has analysed the likelihood of world war afresh. He has argued that it can be postponed and, with appropriate steps, it can possibly be avoided altogether: "As regards the international situation, my view is that it is possible to secure a comparatively long period of peace, and war is avoidable." His belief rests on three considerations. First, as both the Soviet Union and the United States would suffer devastating losses in a war between them, neither dares risk starting it. Second, both the superpowers have suffered setbacks to their policies of global strategic development, thus they are unwilling to extend themselves further. And third, the world's forces for peace now surpass the forces for war and will continue to grow in-

creasingly stronger.

3. Forces Against World War

What are the major forces for peace? Throughout history, people have answered this question in different ways. Lenin, for example, stressed the role of the working class. In 1917, he said universal peace could only be secured through worldwide proletarian revolution. At the time, this argument appeared reasonable. With World War I in progress, many people thought peace could only be won by relying on imperialist groups. This hope, of course, was dashed: to end the world war between the imperialist powers, it was necessary to rely on the world proletariat.

After World War II, international political relations underwent a major reformulation. The Truman Doctrine and Marshall Plan caused an irreparable rupture between the Soviet Union and the United States, leaving Europe split down the middle and the whole world divided into two

camps. Because of this, Stalin believed another war could only be prevented by relying on the unity and strength of the socialist camp.

Both Lenin and Stalin noted the important role the people of all countries could play in preventing world war. But aside from accepting this as a matter of principle, neither of them spent time concretely analysing how it could be realized in practice.

Now, international relations can no longer be divided into a straightforward

imperialist-socialist confrontation. With the passage of time, the two sides have fragmented and various new forces have come into play. Apart from the split in the socialist camp, the imperialist camp has also disintegrated and the relatively newly founded nations of Asia, Africa and Latin America have all grown rapidly. As a result, power relations around the world have become a complex web of interwoven layers and forces. As Mao Zedong once noted, the globe has become "three worlds."

Looking at the world in the 1980s, Deng Xiaoping has declared: "Changes have taken place in the international situation. The forces for peace and preventing war have developed considerably. As long as the peoples of the entire world make a concerted effort, war can be avoided and peace maintained." Deng, however, has not been content merely to utter statements of principle and theory. His concrete and scientific analysis has played a role in developing the

forces for peace, specifying how in today's conditions world war can be prevented.

According to Deng, there are three forces for peace in the world. The first, and strongest, is the Third World. The second consists of Japan, Eastern and Western Europe (of whom he says, "So long as neither Eastern nor Western Europe ties itself to the war chariots of others, then war will not break out."). And the third is the people of the Soviet Union and the United States, who he believes can play a special role in preventing war and maintaining peace.

Deng's analysis has broken with traditional theories based on ideology and social system. Looking at the issue in terms of national interests, mutual relations and development prospects, he argues that it is not just the world's proletariat and socialist countries who constitute a force for peace—so do the people and governments of capitalist states. The leading role, however, remains with the Third World.

4. Approaches to Peace

How can world war be prevented and peace maintained? For years, Marxists have lined themselves up on the side of revolution and war. Lenin said more than once that the proletariat should "throw off the capitalist yoke in a revolutionary way and abolish the rule of the bourgeoisie to win socialism and a durable peace." (*For Bread and Peace*, December 14, 1917). He regarded revolution as the only way to free working people from the catastrophe of war.

Stalin summed up Lenin's thought in the formula, "First revolution, then peace!" (*The Logic of Facts*, October 29,

1918). And Mao advocated eradicating war with war or deterring it through revolution.

But the proposals of Lenin, Stalin and Mao on preventing war were all put forward in a different era. It was a time when imperialists forced war upon the proletariat, oppressed nations and oppressed peoples of the world. These people had no alternatives but to fight back: through rising in rebellion and destroying counter-revolutionary war with revolutionary struggle. In the relatively peaceful environment of today, the ideas of Lenin, Stalin and Mao are less relevant. But even with a calmer globe, peace cannot be taken for granted. So what is the way forward?

Bringing his experience to bear, Deng has his own suggestion: "There are many disputes in the world, and we must find ways to solve them. Over the years, I have considered how these disputes can be solved by using peaceful means instead of waging war." At the core of his ideas lies one belief: "The Five Principles of Peaceful Co-existence provide the best means for handling re-

lations between nations. All other ways, such as thinking in terms of 'the socialist community,' 'bloc politics' or 'spheres of influence,' lead to conflict and sharpen international tensions. These Five Principles can be used to defuse explosive issues in international disputes."

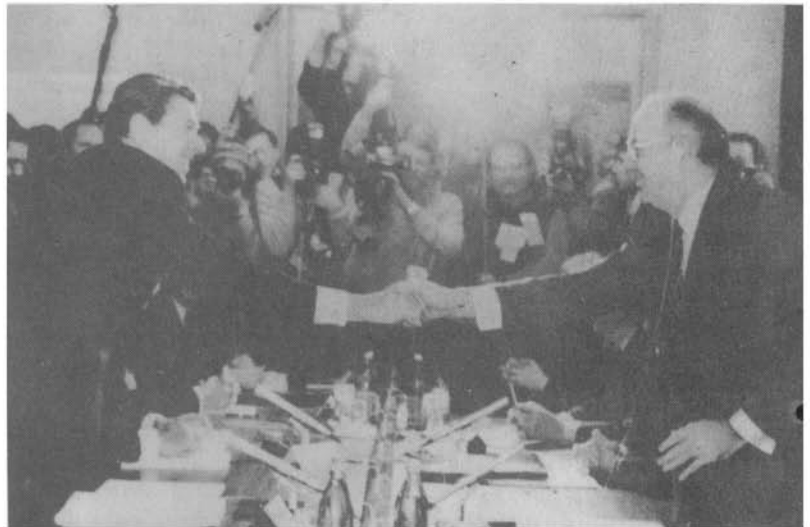
In accordance with his faith in the Five Principles, Deng has put forward several new ideas to help resolve international problems, promote global stability and maintain world peace:

■ "One country, two systems." As well as its application in the reunification of China, Deng maintains this concept can be used to resolve and defuse international disputes.

■ "Joint development." Proceeding from the reality, Deng suggests, countries can start first with joint development in settling territorial disputes. In tackling economic issues of common interest, it might be easier to find a mutually acceptable solution to such disputes.

■ "Third World co-operation." Strengthening co-operative links between Third World

After a six-year break, the United States and Soviet Union resume their dialogue in November 1985. XINHUA





December 5, 1987: a mass protest for peace on the doors of the White House.
LIU XINNING

countries will promote North-South dialogue and alleviate North-South contradictions on the one hand, while fundamentally strengthening the sector of the world community which Deng believes is the major force for peace.

Deng's emphasis on non-violence clearly distinguishes him from Lenin, although their eventual aim of peace remains the same. Lenin, although he also made use of a non-violent approach when the situation warranted it, did not advocate it as a guiding principle for the international proletarian.

The reason for the difference between the views of these two great revolutionaries lies in the different ages in which they lived.

5. Roots of Modern War

Marxists have always maintained the fundamental cause of war lies in the existence of private ownership and social classes. At different times, however, this principle has been interpreted in different ways. Lenin, for example, considered imperialism the source of modern war. But, since World War II, various differ-

ent kinds of war have manifested themselves around the globe. True, there have been wars of imperialism. But there have also been wars initiated by and between socialist countries, and wars between Third World countries. These cannot be simply explained as products of imperialism.

Searching for an explanation of these wars, Deng has proposed the notion of "hegemony being the source of war." His analysis is a development and refinement of Lenin's thought. Lenin recognized that the imperialist scramble for colonies was a major source of war: "World domination" is, to put it briefly, the substance of imperialist policy, of which imperialist war is the continuation." (*A Caricature of Marxism and Imperialist Economics*, August-October, 1916.) This thesis is confirmed by history. But subsequent developments have revealed that the pursuit of "world domination" is not solely restricted to imperialists. Some socialist countries have also looked towards the same goal. Although the motives of socialist and imperialist expansion may differ, the substance of their actions has been identical. To explain why socialist countries should, in certain conditions, act like the imperialist states, Deng concluded that hegemony was the major cause of modern war.

Deng's thesis reflects the fact that, although peace and development are the dominant force in the world today, the threat of war still remains. The world is not yet a tranquil place, and, as ever, nations must continually be on the alert. In Deng's mind this means: "To work for peace, one must oppose hegemonism."

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Mainland-Taiwan Economic Relations on the Rise

by Li Dahong

The mainland and Taiwan have ended their history of one-way, indirect trade. Since 1988, several mainland vessels loaded with coal have called at Taiwan's ports, and the variety and quantity of mainland products being shipped to Taiwan are expected to continue to increase. Meanwhile, several hundred small- and medium-sized enterprises based in Taiwan have bypassed obstacles and made investments in the mainland. Many large enterprises in Taiwan also have sent delegations to the mainland on inspection tours. Economic and trade relations between the two sides of the Taiwan Straits have thus entered a new stage.

Taiwan-made motorcycles can now be bought on the mainland.

ZHENG ZHEN SUN



Development From Scratch

Between 1949 and 1978, because the mainland and Taiwan were cut off from each other, no trade relations existed between the two. But customers in Taiwan still purchased mainland Chinese medicinal herbs, tea and other native products through various channels, with a total volume of up to US\$50 million a year. During this period, commodities purchased by mainland customers from Taiwan were limited, never exceeding a maximum of US\$50,000 a year.

In December 1978, the Third Plenary Session of the 11th Party Central Committee

set forth the principle of peaceful reunification of the motherland, ushering in a new period of relations between the two sides. The Message to Compatriots in Taiwan issued by the Standing Committee of the Fifth National People's Congress on January 1, 1979, noted that, "Economically speaking, Taiwan and the mainland of the motherland were originally one entity.... There is every reason for us to develop trade between us, each making up what the other lacks, and carry out economic exchanges. This is mu-

tually required and will benefit both parties without doing any harm to either."

Over the past decade, the economic, trade and financial departments as well as the customs, banks and other relevant departments have adopted a series of active measures to promote trade between the two sides. Because the mainland considers trade with Taiwan as an economic exchange between different regions of China, it levies no customs duties on commodities imported from or exported to Taiwan, and the formalities involved are comparatively simple.

With regard to exports, in accordance with demand from the Taiwan market, the various foreign trade companies on the mainland have given priority to supplying commodities most in demand, such as medicinal herbs, with preferential prices, and have offered preferential treatment and convenience in transportation. The mainland also has made preparation for long-term, stable export of coal and other raw materials in large quantities to Taiwan. With regard to imports, mainland foreign trade companies give first place to commodities from Taiwan when the commodities available for import are of similar quality and price. In 1980, a number of foreign trade corporations on the mainland sent a joint purchasing group to Hong Kong to purchase commodities from Taiwan, and the first batch of contracts signed were valued at US\$80 million. In addition, the state has provided foreign

exchange to support the purchase of commodities from Taiwan. With these positive measures, indirect trade between the two sides has developed apace.

The Taiwan authorities, however, have adopted an obstructive attitude towards the Communist Party's proposals on developing transportation, postal services and trade between the two sides and have repeatedly declared that its "established policy" is "no trade with the Communist Party." It also warned Taiwan business people not to fall into the "trap of the united front" when trading with the Communist Party. But the development of trade between the two sides is in the interest of Taiwan industrialists and business people and also is needed for Taiwan's economic development. Therefore, many people in industrial, commercial and other circles in Taiwan have endeavoured to promote trade between the two sides. They have surmounted various obstacles and established commodity trade relations with the mainland through various forms and channels, resulting in the rapid growth of indirect trade between the two sides. Under these circumstances, Taiwan authorities have had to gradually relax the restrictions on indirect trade.

According to statistics, between 1979 and 1987, entrepot trade between the mainland and Taiwan via Hong Kong was valued at US\$5.5 billion, including US\$1.1 billion of goods from the mainland and US\$4.4 billion of goods from Taiwan. Commodities transmitted to Taiwan from the mainland via Hong Kong mainly include medicinal herbs, cereals, oils, aquatic, native produce, animal by-



Huang Siwei (centre), manager of a Taiwan musical instrument company, tries out "pipa" at the Beijing National Musical Instrument Factory. LLMINGFANG

products, minerals, raw materials for textiles and chemicals. Taiwan's commodities transmitted to the mainland via Hong Kong mainly include raw materials for chemical fibres, chemical fabrics, building materials, light industrial products, chemical products, electrical appliances and machinery. During this period, the entrepot trade between the two sides via Hong Kong rose by nearly 20 times, registering an average annual growth rate of 45 percent.

The mainland took the initiative of stopping the military confrontation with Taiwan, and this has promoted a serene and peaceful atmosphere on the Taiwan Straits. The small amount of trade between Taiwan's fishermen and the mainland's southeastern coastal areas, which has developed since 1981, has opened a channel of direct trade between the two sides. Using fishing boats of less than 100 tons, these fishermen (later joined by some small and medium-sized businesses) shipped US\$50,000 worth of commodities between Taiwan

and the mainland each year. Since 1981, the small amount of trade between the mainland's southeastern coastal areas and Taiwan has totalled US\$50 million. This small trade began to grow in 1985. To cope with this development, the southeastern coastal areas of the mainland gradually opened 36 ports and established Taiwan-oriented trading companies, as well as customs and frontier inspection stations, bringing this trade into the normal orbit.

With the growth of indirect trade between the two sides, their economic exchanges have gradually expanded from trade to investment, technological co-operation and other areas. Since 1983, Taiwan compatriots' investments in the mainland have increased year by year. Today, Taiwan-funded enterprises are mostly concentrated in light industry, such as production of shoes, umbrellas and toys, prawn and eel breeding, electronic assembly, and hotels. Investment ranges from hundreds of thousands of US dollars to US\$1 million.

Turning Point

The year 1988 marked the turning point of trade between the mainland and Taiwan.

With the daily relaxation of relations between the two sides, the mainland has made continual efforts to promote the development of trade with Taiwan. On July 6, 1988, the State Council issued the Stipulations on Encouraging Taiwan Compatriots' Investment in the Mainland. On September 27, an official of the Ministry of Foreign Economic Relations and Trade made a speech, once again appealing for direct trade between the two sides, and asking for direct contact with responsible economic and trade departments in Taiwan to discuss and solve trade problems.

The Taiwan authorities also have adopted some flexible measures in their relations with the mainland. Although these are quite limited, they have complied with the call for objective reality. As a result, some gratifying results have been obtained.

—Open, legalized and two-way trade exchanges have appeared. Today, Taiwan business people can not only openly and legally import some mainland commodities indirectly to Taiwan but can also ship mainland goods directly from mainland ports to Taiwan via a third port by signing a contract in Hong Kong or in some place other than the mainland or Taiwan. On August 8, the cargo ship *Hai-zhibao*, loaded with mainland coal, arrived at Taiwan's Gaoxiong Port, marking the beginning of two-way indirect trade between the two sides.

—Economic exchanges have expanded day by day. According to statistics, at least half of the 400,000 Taiwan compa-

triot who have visited the mainland since 1988 made a special trip here, or on their way home, to conduct talks on trade and investment in the mainland. The value of indirect trade between the two sides was highly likely to top US\$2.7 billion in 1988, equal to almost half of the total volume of trade in the previous nine years. The number of projects funded by Taiwan compatriots on the mainland rose to nearly 400, and the total investment topped US\$600 million, more than three times that of previous years.

—Non-governmental trade organizations were in open contact to tackle problems of indirect trade across the straits. With the development of economic relations between the two sides, safeguarding the legitimate economic rights and interests of both parties has increasingly become a question of concern across the straits. On August 20, 1988, non-governmental commercial arbitration organizations from both sides met in Hong Kong for the first time. On October 28, commercial and legal experts representing the China Council for the Promotion of International Trade of China's mainland, the Taiwan Trademark Patent Society and the Taiwan Trade Society of Hong Kong met in Hong Kong and further exchanged views. They agreed to establish the China Commercial Affairs Co-ordination Committee in Hong Kong to

promote the development of economic relations and trade between the two sides, provide information and consulting services, and mediate and solve business disagreements.

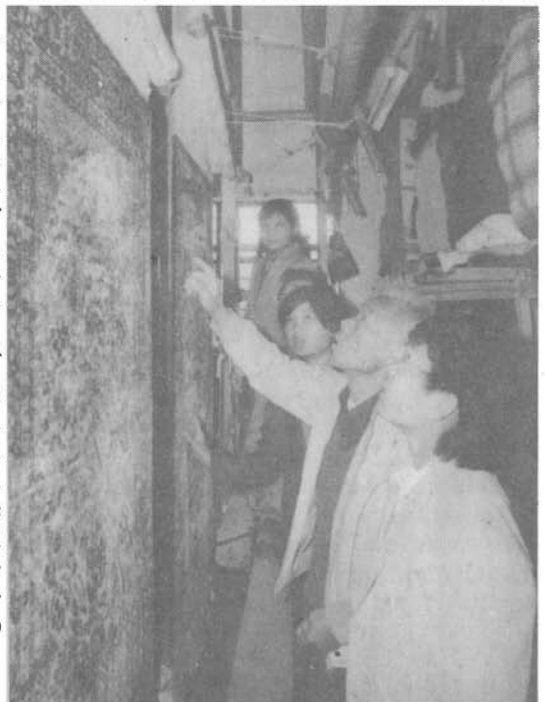
Characteristics

Since 1979, trade between the two sides has shown the following characteristics:

—In economic development, the mainland and Taiwan each have had their own, strong points and shortcomings. Promoting trade between the two sides helps make up each other's needs and achieve common prosperity, which is also the common desire of industrial and business personnel and others on both sides of the straits.

—The mainland's trade policy towards Taiwan is becoming increasingly open. Before 1985, only import and export corporations at the central level on the mainland handled import and export trade with Taiwan. Now this business has

Taiwan compatriot Su Tingfang (second right) inspects work at a tapestry factory in Wuyang County, Henan Province he has helped fund. WANG GANGFA



expanded to all import and export companies on the mainland.

—In its trade with Taiwan, the mainland has always had a huge trade deficit. This is mainly due to obstructions inflicted by the Taiwan authorities on trade across the straits. In the past year, the Taiwan authorities have continued to adhere to the practice of “indirect, non-governmental, one-way and gradual” trade with the mainland, keeping mainland commodities from entering Taiwan legally. By the end of 1987, the mainland’s trade deficit had totalled US\$3.46 billion, and it was expected to top US\$1.5 billion in 1988.

Indirect trade has restricted the development of trade between the two sides. Since 1979, Hong Kong and Macao have become bridges linking trade across the straits and helping indirect trade between the two sides go on. In the transport of commodities, Hong Kong has become an important “transfer station.” In the settling of accounts, commodity inspection, arbitration and compensation in trade across the straits, as well

as in trademark registration and patent protection, Hong Kong has played and will continue to play an important role.

Prospects

Currently, the mainland is improving its economic environment and readjusting its economic structure in an effort to create a more favourable investment climate for all investors, and this will also benefit trade between the two sides. In handling its trade affairs, the mainland has always abided by contracts and acted in good faith, and will never harm its economic ties and trade with Taiwan industrialists and business people because of its efforts to consolidate its economy. It has been learned that relevant departments on the mainland are adopting a series of measures to guarantee the supply of goods and transportation in its trade with Taiwan. For instance, although the mainland is also short of some raw materials, the relevant authorities on the mainland still managed to find supplies to meet the needs of Taiwan businessmen. The

mainland has also tried to enhance work efficiency in Taiwan-funded enterprises and in service for mainland-Taiwan trade, and to provide Taiwan compatriots with more economic and trade information.

At present, the main problem lies in unreasonable restrictions imposed by the Taiwan authorities on trade between the two sides. The public hopes the Taiwan authorities can flow with the tide of historical development, eliminate hostility towards the Communist Party, open direct trade between the two sides, withdraw man-made obstacles to trade with the mainland at an early date, promote the balance of trade across the straits and improve the structure of commodities traded. Simultaneously, it is hoped that governmental and non-governmental organizations on both sides will discuss concrete matters of bilateral trade to ensure economic relations and trade between the two sides develop permanently and steadily in an ordered manner.

(Abridged from “Outlook Weekly” overseas edition, December 26, 1988)

CHINA'S BORROWING

The Key to Preventing a Debt Crisis

by Chen Jian

Ten years ago, China had neither external nor internal debts. However, through the pursuit of the policies of opening and reform, China has rapidly learned how to raise foreign loans and make effective use of them. After an initial period of caution, China has rapidly stepped up the scale of its bor-

rowing, both domestically and externally.

A Knife Cutting Both Ways

It is estimated that the country’s external debt now amounts to US\$40 billion —US\$30 billion from long- and medium-term borrowing (with repayments spread over more than one year), and US\$10 billion in short-term loans. Of the long- and

medium-term loans, around 60 percent has been borrowed by the state, and by the end of 1987, they accounted for 6 percent of the country’s gross national product (GNP). In addition, over the past nine years, China has created 35 billion yuan of internal debt by issuing state treasury bonds. In 1987 alone, it issued bonds worth 10 billion yuan for key construction projects

The author is a correspondent of “Renmin Ribao.”

and enterprises. At the same time, various other kinds of bonds and securities have appeared in different parts of the country.

The money borrowed has played a major role in instilling new vitality into China's economy. But the borrowing spree has started to worry increasing numbers of people. A few years ago, public opinion was widely in favour of a bold policy of borrowing. Now, however, many people think China should cut back on new loans and readjust the structure of its national debts. Some people even urge an abrupt and complete halt: they cite the increasingly serious debt crises faced by some Latin American countries and the economic problems of Yugoslavia and Poland.

However, to accomplish its modernization drive and maintain an appropriate economic growth rate, China needs large amounts of funds. Large-scale borrowing can help meet this demand, but it carries with it the threat that over-borrowing can make it necessary to raise more debts in order to repay the capital and interest on money already borrowed. As the country approaches its first repayment peak, the threat of being caught in such a trap looms ever larger.

In other words, foreign loans are a knife that can cut both ways. The problem of determining which way the blade will fall warrants the serious contemplation of economists and politicians.

Diversification of Capital

In the decades up to 1978, China's fund-raising channels for economic construction were severely restricted, determined as they were by the

highly centralized system of the planned economy. After the large-scale socialist transformation of the 1950s, the ways for non-governmental capital with its great vitality to increase in value were blocked. Immediately afterwards, the limited amount of foreign funds coming from the socialist countries was withdrawn. Under such conditions, the state was forced to rely on its own overcentralized planning system to accumulate funds through increasing industrial production and keeping the prices of agricultural products at a low level. And although the planned economy possesses a powerful strength in pooling funds, it suffers from the major shortcoming of the low efficiency inherent in a system where the government controls capital.

Since China launched its programme of economic structural reform in 1978, it has concentrated much attention on opening up two other fund-raising channels—utilizing both overseas capital and idle domestic funds. In 1979, China opened Shekou and then Shenzhen to external economic exchanges. This was followed by the opening of some major coastal cities and regions. Last year, a strategy for economic development along the entire coast was implemented—one of its major aims being to import more foreign funds.

As China's reforms have unfolded and the economy grown in strength, a third source of funds has taken shape: the money lying idle in Chinese society. Since the early 1980s, rural enterprises have continuously expanded. Their total payroll has grown by an average of 10 million people a year. The proportion of individually operated and private enter-

prises in the national economy has also increased. By the end of 1987, savings deposits of people in both urban and rural areas had reached 400 billion yuan, and the extra-budgetary funds owned by the non-planned economic sectors had approached 200 billion yuan. The key question is how to convert this enormous amount of idle money into industrial and commercial capital.

After ten years of reform and opening to the outside world, China's once totally planned economy has evolved to a stage where state-planned funds, local funds, foreign funds and non-budgeted non-governmental funds exist side by side. Therefore, whether China will face a debt crisis obviously cannot be judged simply by the size of its overseas debt: the growth of budgeted and non-budgeted non-governmental capital has also to be taken into account.

The Key Lies in High Efficiency

For some time, many Chinese financial experts have held that there exist various drawbacks in the manner in which China handles the borrowing, utilization, management and repayment of foreign capital. For instance, foreign debts can be raised by various departments separately, and approval can be given by different authorities; the current debt management department still uses administrative means to exercise control over the general scale of foreign debts, but makes little or no use of legal and economic means for flexible, effective qualitative control; and there is a lack of scientific procedures in granting approval for borrowing, thus failing to ensure that all loans, parti-

cularly those involving large sums of money, are raised and used wisely and then repaid in due course.

It seems that there are also quite a few problems in the raising of funds internally. In the past, low interest rates and issue through administrative means in essence made internal borrowing a disguised form of taxation. The lack of variety, poor terms of repayment and low interest rate on bonds could neither meet the needs of the extremely diversified forms of idle funds in society, nor regulate the amount of money in circulation through diversifying the bonds' repayment terms. In recent years, a new problem has arisen, that is, the interest rates on bank savings, treasury bonds, enterprise debentures and national debts have spiralled in turn.

Chinese and foreign experience indicates that when a country over-borrows, any growth in GNP is siphoned off

to repay debts—often reducing the economy to a zero or minus growth rate. Can China avoid falling into this trap?

Some people have made the following calculation: China's first debt repayment peak comes in 1990; in that year, the state will have to pay out some 26 billion yuan in principal and interest on internal debts and around US\$7 billion on external debts—some 10-20 percent of all state revenue. This cannot but produce an adverse impact on the country's economic development.

The successful experiences of some countries merit our attention. Colombia and South Korea have not only successfully avoided the pitfalls of a debt crisis, but are now vigorously squeezing into the ranks of the developed countries and regions. South Korea has debts twice as large as China. But, according to expert analysis, it will probably become a net creditor by the early 1990s. Apart from the

fact that it has a fairly strong government, it has established a highly efficient industrial enterprise system compatible with high interest rate capital.

Therefore, it can be said that the key to preventing a debt crisis lies not only in determining how the State Administration of Exchange Control should strengthen its powers—indispensable as this is—but, more importantly, in whether the national economy can adapt to the pressure caused by high interest rates on capital and establish a highly efficient industrial setup and enterprise system. In other words, it depends on the success or failure of the on-going economic reform.

Because of this, so long as China's reforms keep advancing, there is no need to worry if the scale of internal and external debts increases slightly. It is only if the reform programme were to be halted that even a relatively limited amount of debt might cause a crisis. □

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A Village by the Lhasa River (IV)

In the fourth of reports on the Tibetan village of Xiangga, Yang Xiaobing and Zhang Wei discover how the rapid development of transportation and other sidelines has brought a remarkable rise in prosperity. Agriculture is also being modernized. However, there are still complaints, especially about the soaring cost of agricultural means of production and the severe shortage of electricity.

by Our Staff Reporters Yang Xiaobing and Zhang Wei

Strolling through Xiangga, almost all the houses look new. We were told that during the last five years, only one of the village's 69 families had not moved into a new home. Their courtyards all sport potted Chinese flowering crabapples and roses, and tractors and trucks can be seen parked in almost every lane. The main reason for these obvious signs of prosperity has been the development of agricultural sidelines and household-based transport businesses.

Before economic reforms

were introduced to the area five years ago, Xiangga, like all other parts of China, engaged solely in collective agriculture. Villagers were tied to the land, and any sideline production was criticized as a "capitalist tendency." It was the introduction of the rural contract responsibility system in 1984 which gave local people room to look for other kinds of work.

Thirty years ago, an old man says, almost all loads were carried on people's backs or shoulders, and yaks were prized as a means of transport.

Then, in 1984, the Caigongtang Township government offered local farmers bank loans of 1.8 million yuan. Xiangga got 300,000 yuan, and ten households bought tractors. Now, 20 households have tractors, four have trucks, and Xiangga has become a village specializing in carrying loads.

As Xiangga stands between the Lhasa River, with its rich deposits of sand, and a group of mountains with quarryable rock, most households transport building materials to Lhasa, earning around 10 yuan for each trip and 40-80 yuan each day. Of the 24 households with tractors or trucks, only one has lost money because of poor management. The other 23 have all earned enough to repay their loans, and some now even have up to 30,000 yuan deposited in the bank.

The most successful family involved in transportation is the Ciren Wangjie household. Through good management, they have earned enough money to buy a new Iron Ox 55-hp tractor and trailer for 24,000 yuan. Ciren Wangjie's son, Laba Ciri, drives it, and he has hired Qiangba, a young villager, to help him: "I load, unload and maintain Laba Ciri's tractor for five yuan a

Children of Xiangga.





One of Xiangga's profit-making greenhouses.

day. It's handsome money."

What annoys him, Laba Ciri says, are the traffic police and hygiene inspectors in Lhasa. "They can be extremely harsh, often giving me a talking-to and big fine." Dawa, the village book-keeper, has similar complaints. Two years ago, she says, her husband and several other village drivers teamed up to transport building materials for a water conservancy project in the neighbouring county. They worked for two long winters without receiving a penny, and then the contractor disappeared with the money.

In the past, any disputes like this were brought to the village cadres or the elder. No one thought it quite right to file a lawsuit. But this time, the drivers took the case through the township government all the way up to the Ti-

bet Autonomous Region government. As a result, the villagers of Xiangga now know how to protect themselves through the law.

The development of agricultural sidelines in recent years has also proved profitable for the villagers. Qiangba Cicheng, secretary of Caigongtang Township's Party Committee, says when he came to the area in 1971 Xiangga was economically middle class. Per-capita income has soared to 1,314 yuan in 1988, well above the township's average of 908 yuan. Of Xiangga's total income, some 64.8 percent comes from

sidelines.

The road from the township government to Xiangga is flanked on both sides by row upon row of greenhouses made of plastic sheeting. Jimei Pingcuo, the township head, says 30 years ago only a few varieties of vegetables were grown in the village, such as radishes and potatoes. Now, however, it has 5.2 hectares of vegetable farmland. In 1985, the township government invested 120,000 yuan in constructing a 0.4-hectare glass-covered greenhouse for growing cucumbers, tomatoes, celery, lettuces, green peppers and other vegetables. As well as supplying the villagers, they are also sold to Lhasa. As the villagers consider themselves unskilled in vegetable farming, they have contracted the greenhouses to farmers from neighbouring Sichuan Prov-

ince.

Like all other Tibetans, Xiangga villagers prefer their traditional food of highland barley, even though they now stake off some 56 percent of their farmland for growing wheat. However, what they grow is their own decision, and they plant wheat because its yields are high and it brings in a good return on investment.

Until 1972, the only grains grown were highland barley and spring wheat. Even though the Agricultural Research Institute of Tibet conducted successful experiments showing winter wheat was suitable for the region, local farmers did not believe it could survive the biting cold of winter. Only when the township government forced each village to plant areas with winter wheat and provided attentive technical guidance did things begin to change. Now it has become one of their major crops.

Some 30 years ago, grain yield per hectare in Xiangga was 840 kilogrammes. By last year it had quadrupled to more than 3,300 kilogrammes, despite a severe draught, flooding and hailstorms. In a normal year, one villager says, they could produce 40 percent more. "The most impressive change over the last few decades," an old man says, "is we're all guaranteed a full belly." Last year, every villager received an average of 385 kilogrammes of food grain, more than enough for the whole year.

Local farmers attribute their good harvests to the introduction of new crop strains and the scientific application of fertilizer. "In the past," says an old farmer, "we knew little about fertilizer. But starting in 1959, the government began to show us how to use it, and the Lhasa Environment Sanitary

Department began sending us manure. In 1975, we began to use chemical fertilizer, supplied free of charge for the first two years. We now use it all the time, putting about 180 kilogrammes on every hectare. All this fertilizer is imported from the Soviet Union, Japan and the Netherlands."

Unlike other parts of China, Tibet has never experienced a shortage of fertilizer. The state always sends fertilizer to Tibet early in the season—another demonstration of the government's generosity to the region—and many households say they already have enough stored up for the whole year.

As far as irrigation is concerned, Xiangga still relies mostly on nature. There are few irrigation ditches, even though the Lhasa River flows by the village. Everyday, women can be seen washing clothes in the river and carrying drinking water back to their homes in large pots on their backs.

The township Party secretary is optimistic about the future. He says the Tibetan government has plans for a large

scale water conservancy project on the Lhasa River, which a UN organization now wants to invest in.

Today, 80-90 percent of Xiangga's farmland is ploughed by tractor. Cows are still raised, but only for milk. In the past, the richer families used two oxen pulling a wooden plough to plough their land, and then sowed it with a Tibetan-style seeder, one row at a time. To thresh the grain, they whipped a yak around the threshing floor until it had stamped all the grain from the ears. If there was no wind, they winnowed by hand. The whole process from threshing to winnowing could last as long as a month.

Tractors were first used in the 1960s, and horse-driven seeders in the 1970s. Like the chemical fertilizer, the seeders were supplied free by the government at first. Although technically more backward than modern seeders, they are well-suited to local conditions. Each one sows seven rows at a time and they have proved popular with the local farmers.

Electricity reached the vil-

lage early in the 1970s, followed by power-driven threshing and winnowing machines. Although the workload has grown with the bigger harvests, the whole threshing and winnowing process now lasts no more than two weeks.

Nonetheless, the villagers do have their worries. In recent years, village leader Pingcuo Wangdui says, the cost of farm tools has risen fast. For example, seeders and simple threshing machines have doubled in price. But the selling price of grain has only gone up marginally. If this trend continues, farmers will not be able to update their machinery.

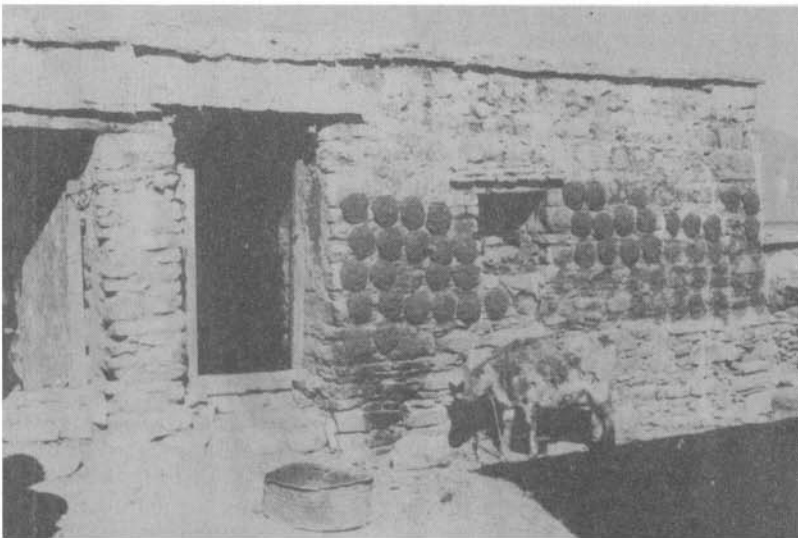
Another problem is the electricity shortage. "We can't watch television," Laba Ciri says, pointing to his Hitachi. "The electricity only comes on at midnight and gets turned off at dawn."

"The more power plants we build, the worse the supply of power," the township Party secretary complains. "Many wheat-milling machines have to stay idle. Sometimes, crops can't be threshed in time simply because of a lack of power. But most annoying of all, although we're charged the full electricity fees, we don't get a full electricity supply. Local people say, 'We don't fear the Tibet Autonomous Region leaders, but we are afraid of those in charge of the power supply.' We daren't do anything to irritate them for fear they get angry and switch us off."

"We were really pleased to hear the Tibet Autonomous Region government has recently issued several documents announcing its determination to accelerate the construction of power plants and rectify the workstyle of those in charge of power supply. We hope its determination gets some results." □

A memorial to hard times: a delapidated house reminds the people of Xiangga how they used to live.

Photos by YANG XIAOPING



New Changes in Social Sciences

LILUN XINXI BAO
(Theoretical Information)

Pounded by the commodity economy tide, new changes have been taking place in China's circle of social science.

1. Research workers have begun to change the subject of their study from ancient, monographic and foreign books to China's present reality. The shock wave of the commodity economy on publishers tied to a demand-supply market place has compelled social science researchers to study China's present society—a concern of over one billion people.

2. Work styles have begun to change from the small production and administrative unit to types of free organization characterized by a large division of labour and cooperation. For a long time, work styles in the social sciences were confined to two types. There was small production, which means that individual researcher or a joint group of students, led by a veteran worker, did the work. Individuals were responsible for the completion of the work. The second type of administrative unit was the work performed when an objective was undertaken by a research institute. Both types failed to arouse the enthusiasm of research workers and weren't suited to the needs of the rapid developments within New China's commodity economy. Publishing houses took the lead in introducing new work styles that have emerged.

3. Old leaders in the sphere of learning have begun to be replaced by young and middle-aged scholars. With the devel-

opment of the commodity economy, those who are not interested in actual problems, lack higher sensitivity to social issues and are not willing to apply their knowledge to China's reality will have to step down. Their replacements are often middle-aged or young scholars who dare to state their views frankly, have a real love of life, and can actively involve themselves in real social life.

4. Originally, China's circle of social sciences was composed of research workers in research institutes and teachers in colleges and universities. With the development of

the commodity economy, social problems have become a matter of public interest which has expanded the ranks of social scientific workers. Reportages and stories based on actual events are now involving increasing numbers of people to study economic theory and policies.

5. As the tide of the commodity economy has advanced, some people have found the fruits of several dozen years of labour ignored. But others feel like a fish in water. They busy themselves making speeches everywhere and writing papers to publishers. This has led to the polarization of social scientific workers in reputation, social status, living standards and state of mind.

(December 12, 1988)

High-Tech Progresses Into 90's

ZHONGWAI CHANPIN BAO
(Products News)

Seven areas of focus have been decided upon for China's high-tech industry. The plan which covers the next decade of China's development was recently released.

Biological technology will target upon solving agricultural and medical problems. Key projects include the development of fine-quality, high-yielding animal and plant varieties, new medicines and a protein development project.

Information technologies will include upgrading computer systems, the development of photo-electrons in the area of instruments and communication technology.

Laser technology will use applied scientific research to de-

velop impulse power technology, new plasma materials, and laser spectroscopy technology.

Space technology will focus on the development of new-type space transport system and raising the satellite launching capacity while aiming to develop a giant carrier rocket capability.

Automatic technology will concentrate on the development of computer automation manufacturing systems and robotics.

Energy technology will develop fluid electric power from coal along with advanced nuclear reactors.

New materials will develop photoelectric materials, fine-functioning structural materials and special-functioning materials.

(December 29, 1988)

Rapid Growth in 'Silicon Valley'

Last year, the income of scientific and technological enterprises in Beijing's "Silicon Valley," the 100 square kilometres centred on the Zhongguancun area of the city's northwest, hit 1.4 billion yuan—55.6 percent more than in 1987—while its exports quadrupled to US\$13 million.

Now officially known as the Beijing New-Tech Industrial Development Zone (BEZ), the area contains China's highest concentration of new technology. Its 640 technological enterprises have a registered capital of 600 million yuan, and 77 percent have been set up by scientific academies, research institutes, universities, colleges and the military.

Altogether these companies employ 11,000 people, which includes 70 percent with formal college training, 630 holders of master degrees and 40 doctorates.

By the end of 1988, some 1,244 of the zone's products had been designated "high quality" and 33 have been nominated leaders in their fields, accounting for 370 million yuan in sales and US\$10 million in exports. They include some of China's major technological developments, such as an industrial temperature sensor system, office automation equipment for producing Chinese character and Roman alphabet documents, NdFeB permanent magnetic materials, plant disinfectant technology and a mass spectrographic analysis system.

Among the area's biggest success stories are:

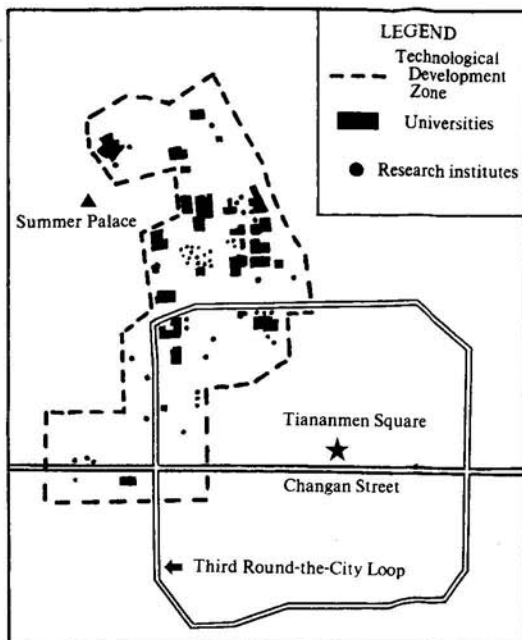
■ San Huan Co. which in 1984 made China the third country in the world with the capabili-

ty to produce ultra-strong magnetic materials (NdFeB). These have been successfully used to produce super-large integrated circuit etching machines in France, and were one of the major attractions at the United States' Birmingham International High-Tech Fair in 1985. Since then, the materials have been exported to the United States, Britain and several Southeast Asian countries.

■ The Institute of Computing Technology (ICT) of the Chinese Academy of Sciences, which has developed Chinese character processing technology regarded by many overseas experts as the best in the world. In 1988, it sold around 1,000 of its systems monthly, and was awarded a first prize by the state for scientific and technological progress.

Eighty percent of the area's income comes from electronic products. By far the largest single company is the Stone Corp., one of China's major computer dealers. Its income reached 700 million yuan and US\$8 million in foreign exchange last year, and it now plans to step up exports to US\$40 million.

With Chinese markets expecting a depression this year because of a lack of funds, the BEZ has decided to step up co-operation with foreign companies. Reports say more than 100 deals are being negotiated with companies from Japan, the United States, Singapore,



Malaysia, Australia, Austria, the Soviet Union and some East European countries, as well as with compatriots from Taiwan.

To date, 11 overseas companies have set themselves up in the zone, including Hewlett-Packard, Intel and Mitsui, and more than another 40 have applied to establish joint ventures, co-operative enterprises or wholly foreign-owned businesses.

At the same time, several Chinese companies, such as Stone, the Beifang Computer Co., and ICT, have opened branches or offices overseas in Hong Kong, South America, Japan, the United States, the Soviet Union, Singapore and Australia.

To further promote international economic ties, the BEZ has set up the Jixiang and Dongxing import and export companies to handle foreign trade for all companies except Stone, the Ke Hai Computer System Co. Ltd. and the corporation of Qinghua University. The Beijing Customs have also helped the zone build a customs formalities office

which should go into operation soon.

Plans are now under way to build a 2 square kilometre intermediate technology experimental industrial area in the nearby Yongfeng Township. Land surveys have been completed and the design of basic facilities and projects is presently going ahead.

by Li Ning

Beijing's 1989 Trade Fairs

Nuclear Technology and Equipment Exhibition (NT & IE '89)

March 23-28 at the Beijing Exhibition Centre. Floor space: 2,000 square metres. Business scope: nuclear technology, equipment and related instruments and meters.

Transpo '89

May 8-13 at the Beijing Exhibition Centre. Floor space: 5,000 square metres. Business scope: highway prospecting, road-building equipment, car maintenance and repair equipment, environmental protection and highway management.

Sound & Light '89

August 31-September 4 at the Military Museum of the Chinese People's Revolution. Floor space: 2,500 square metres. Business scope: stage machinery, lighting, sound equipment and manufacturing technology.

Fashion Week '89

September 4-8 at the Agricultural Exhibition Centre. Floor space: 5,000 square metres. Business scope: fashion garments. The exhibition will also feature fashion shows and full facilities for trade negotiations will be

available.

Garment Machinery Exhibition '89 (CIGME '89)

September 6-11 at the Beijing Exhibition Centre. Floor space: 6,000 square metres. Business scope: cutting, sewing, ironing and laundry equipment.

Fragrance and Cosmetics '89

October 21-25 at the Military Museum of the Chinese People's Revolution. Floor space: 2,000 square metres. Business scope: production of cosmetics, essence and perfume and their packaging and testing equipment.

Packprint '89

October 10-14 at the Agricultural Exhibition Centre. Floor space: 3,000 square metres. Business scope: packaging and printing equipment and technology.

China Banking '89

October 25-29 at the Military Museum of the Chinese People's Revolution. Floor space: 2,000 square metres. Business scope: trade accounting systems, data processing systems, credit card manufacturing equipment and banking systems.

Stationery '89

November 10-14 at the Beijing Exhibition Centre. Floor space: 2,000 square metres. Business scope: stationery, materials for making writing tools and related processing and manufacturing equipment.

Enamel '89

November 20-24 at the Beijing Exhibition Centre. Floor space: 2,000 square metres. Business scope: industrial and civilian enamel equipment and technology.

China Railway '89

November at the Beijing Exhibition Centre. Floor space: 5,000 square metres. Business scope: railway safety equipment, automatic control systems, locomotive inspection and repair equipment and railway telecommunications.

Refrigeration '89

December 1-6 at the Beijing Exhibition centre. Floor space: 7,000 square metres. Business scope: refrigeration, air-conditioners, heating and ventilation equipment, cold drinks and food processing, and quick-freeze packaging equipment. □

News in Brief

- China will tap new salt reserves, especially those in northwestern part of the country, to relieve the persistent shortage of raw salt.

China has rich lake salt resources in the northwest. In Qinghai Province alone, there are 20 salt lakes with a proven reserve of 95.6 billion tons, of which 63.9 billion tons—90 percent of the nation's total—can be easily exploited.

- Hainan Province is in the midst of drawing up local laws and regulations, including company law and investment law, which are important to the province's economic system and construction.

More than 30 local laws and administrative regulations were issued last year.

So far this year 13 local laws have been submitted to the provincial People's Congress for ratification. Nine deal with the economy, such as the laws on land leases and transfers and on environmental protection law and regulations for the management of water resources. □

Second Film Prize for China in Berlin

For the second year running, China has won a major prize at the Berlin International Film Festival. Following the Gold Bear award for *Red Sorghum* last year, *The Last Tolling of the Bell*, made at the August 1 Film Studio, has been awarded the festival's Silver Prize.

The film is set in 1945, shortly after the end of the War of Resistance Against Japan. Five Eighth Route Army soldiers return to a battlefield where they run into a detachment of Japanese. Cut off from the outside world, the Japanese don't know their emperor has surrendered. Having long since run out of food, they are on the brink of starvation. The story then goes on to explore the psychological and physical hostility that ensues, in particular the struggle between the Japanese as to whether they should surrender or not.

The decision to show *The Last Tolling of the Bell* in Ber-

lin was taken by the festival chairman, Moritz de Hadeln after he made a special trip to China last year to view several dozen new films.

According to Xiao Mu, head of the August 1 Film Studio, the film is beautifully and originally shot. But he said the main reason the festival's 11 jurors selected it for the Silver Prize was because of its evocation of a humanitarian spirit—a theme that transcends national boundaries.

The director of *The Last Tolling of the Bell*, Wu Ziniu, said he had primarily aimed at making an anti-war movie: "We know wars hurt men and women, the old and the young. But I wanted to show how it damages the soldiers themselves."



Director Wu Ziniu (second left) with his camera team.

Despite the fact that the film was completed in 1986, it was only in April 1988 that official departments gave it full clearance for public showing. Then, because few managers in China's film companies appreciated its artistic merits, it was given little promotion and virtually vanished without trace on release.

With its Silver Prize, *The Last Tolling of the Bell* has now secured a new lease of life. Already many cinemas have asked the studio for copies, and it may well finally become a box office success.

To help promote art movies, the China Film Distribution Corp. has decided to open 11 specialist cinemas in 10 Chinese cities. *The Last Tolling of the Bell* was selected for to celebrate the opening of the Shanghai Art Cinema.

This spring, the film is being sent to an exhibition of new directors and films in New York's Lincoln Center and the Modern Art Museum of the United States. □

In a scene from *The Last Tolling of the Bell*, a detachment from the Eighth Route Army find a starving Japanese soldier.



Gao Shiqi—A Renowned Popular Science Writer

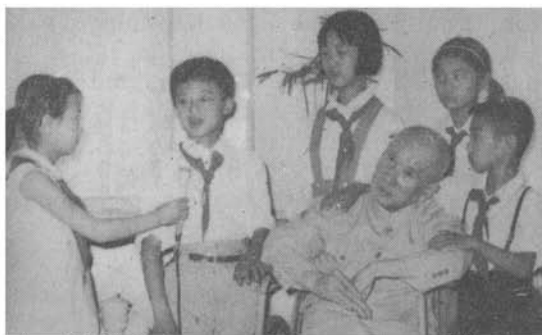
Sixty years ago, a meningitic virus infected a young man's central nervous system, depriving him virtually of all the promises of life. However, with unbelievable persistence, he struggled against the formidable disease and lived a life much more meaningful than most people have. The young man was Gao Shiqi, a renowned Chinese popular science writer who died only recently ago at the age of 83.

Gao spent two-thirds of his life paralysed on his sick bed. But he left behind 5 million words of popular science and literature writings including more than 400 short scientific essays and 200 poems, that in total comprise about 20 volumes.

Gao was born to an educated family in Fuzhou, capital city of Fujian Province, in 1905. In 1918, he was enrolled in the preparatory school for studying in the United States sponsored by the Qinghua University. In 1925, with the strong hope of saving his mother country with science, he went to the United States to study. His life long struggle began in 1928 when his central nervous system was infected by a meningitic bacteria while he was doing experiment with the virus at the Medical College of University of Chicago. In 1930, he had to give up writing his doctorate paper because of his worsening health condition and returned to China.

However Gao did not give up so easily. He began to use his rich scientific knowledge and write popular science stories.

In 1935, Gao published his first work entitled *Autobiography of Bacteria*, which he gave a vivid animated autobiographical account for the layman to read, "One day in 1675, Bacteria began trip in a drop of water. An old man got this drop of water and examined it under a roughly-made magnifier. He saw the Bacteria. Then



Gao Shiqi with teenagers in September 1980.
XU WANYU

he met Bacteria on the surface of his fallen tooth. Then he wrote a long letter to the British Royal Society to relate his discovery, and he even made out a picture of the Bacteria that he observed from his magnifier. "That was the first time that mankind began to know of my existence," said Bacteria."

This piece became one of his representative works and most of his later stories follow the same style with the use of first person, personification and vivid language in the same way the U.S publication now writes their *I Am Joe's Liver* series of stories. His works have readers to know the secrets of nature from microorganism to the boundless universe. His works have greatly influenced young people in China, Eastern Europe and Southeast Asia. It is after

reading his stories that many teenagers have made up their minds to devote their life to science.

"When I was only 13 years old, I began to read Gao's stories," said Li Zonghao, one of Gao's students. "His stories really fascinated me. I greatly cherish him for he could make organic science and medicine enchanting," said Li who later became a doctor.

However, even more inspiring was Gao's courage and unyielding spirit.

From 1939 on, Gao was totally paralysed. He lost the ability to grasp a pen, to walk, even to speak. He could only make unclear murmuring sounds to express himself.

But he kept writing. A secretary would transcribe his words, making several attempts before getting even one simple sentence down correctly.

It was under such conditions that Gao finished most of his stories. By 1978, Gao lost even his weak ability to mumble a sound after being critically ill. Even at this, this old man did not give up. He strained muscles doing exercises until one day his hands could once again magically grasp a pen.

In 1984, Gao wrote out his motto with his own hand, "My life is limited but what I want to do is endless. I'll devote my limited life to these endless tasks until the last minute of my life."

Gao fulfilled his promise. His name and spirit will live for ever in the hearts of the people who read his stories.

by Wang Dazi

Ancient Bell Museum

After three years of renovation, China's only bell museum; the Ancient Bell Museum of the Great Bell Temple, is opening once again—but with a difference.

Plans are afoot to have it follow the trend of other international museums that allow visitors a more rewarding educational interaction with some of the displays.

"We're constructing a mini-workshop where each visitor can cast a small bronze bell with his or her name inscribed on it.

"Guests will make themselves a souvenir of China they can always treasure," says Guo Laiguang, director at the Ancient Bell Museum in north-western Beijing.

"We also hope to have a restaurant built where guests can listen to real bell music while they take their meals."

In the past more than 300,000 visitors from home and abroad came to the Ancient Bell Museum annually which is one of Beijing's tourist spots. Many visitors from abroad have come at New Year's Eve especially to strike and hear one old bell bid farewell to the old and welcome in the New Year. Most of them came from South-east Asia, Japan, Hong Kong and Macao.

Touring the museum is like walking through a book on Chinese history with bells varying according to each period's styles and technology.

Bells are classi-

fied as pottery, bronze, and iron according to the main material they are made from. They also vary according to who used them," says Guo.

"There are Buddhist, Taoist bells, and royal bells," he says.

Bells in ancient times were used by people to warn of the enemies' approach, or as a signal in battle.

A visit to the museum can bring appreciation for the special shapes and sizes they come in. Many of them are connected with historical figures and events, or carry anecdotes and strange tales.

"Some say the most attractive piece of the collection is the Great Bronze Bell cast during the reign of Emperor Yongle (1403-1425) during the Ming Dynasty from which the museum derived its name. It leads all other bells with five special features.

It won fame in the West after the International Casting Conference was held in Beijing in 1986. Participants were delighted with the art and skill of its make-up.

Of the 400 bell collection, of

which eight are from foreign countries, they appraised it as being the most sophisticated. They wondered at the 15th century's ideal tin content ratio and its curves that not only ensured its strength and hardness but also let it endure heavy striking while maximizing its sound.

The "Great Bell" is one of the world's largest at 6.75 metres in height, a 3.3 metre diameter, and has a weight of 46,500 kilogrammes, not surprisingly is called the "King of Bells."

On its sides are inscribed 230,000 characters from over 100 Buddhist scriptures and incantations in both Sanskrit and Chinese. It thus holds the status of also being the bell with the most inscriptions.

With neither filing nor grinding marks the bell has perfect acoustics. Scientists say that with absolute quiet it would be heard several miles away.

Bell lovers also marvel at the skill employed in hanging this titanic instrument. For hundreds of years, through all of China's modern turmoil, this bell has faithfully hung from a mere one-metre-long

bronze beam, 14 cm high and 6.5 cm wide.

Next to it is the oldest one on display, the 5,000-year-old pottery bell unearthed in Kexing Village in Shaanxi Province.

Guo says that with the opening up of China, there will be more chance to exchange and show bells throughout the world. □

Bell museum's art worker Deng Zechen (right) showing the Qing period casted Dragon Bell to "Beijing Review" reporters Han Baocheng and Zhang Yushan.

YANG LIMING





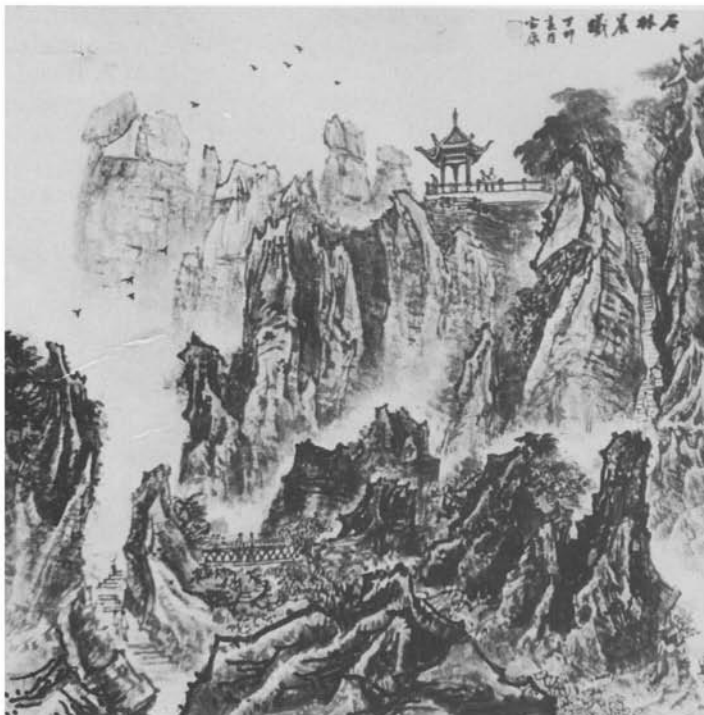
Huangshan Mountains.

Chinese Paintings by Wang Baokang

Wang Baokang, now teaching at the Beijing Fine Arts School, was born in Beijing in 1938. He carries on the best traditions of Chinese landscape painting and drawings of figures done with fine, delicate strokes.

Landscape.

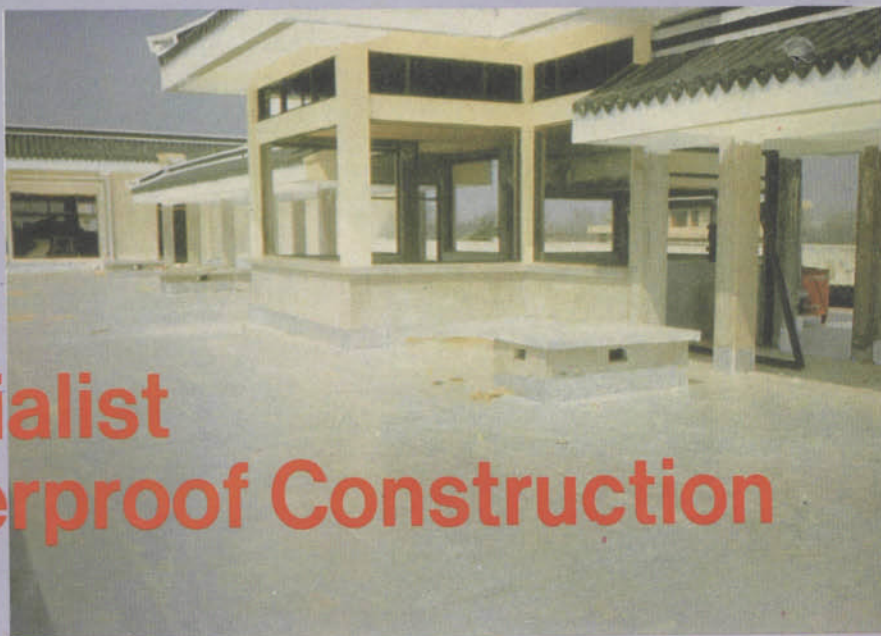
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