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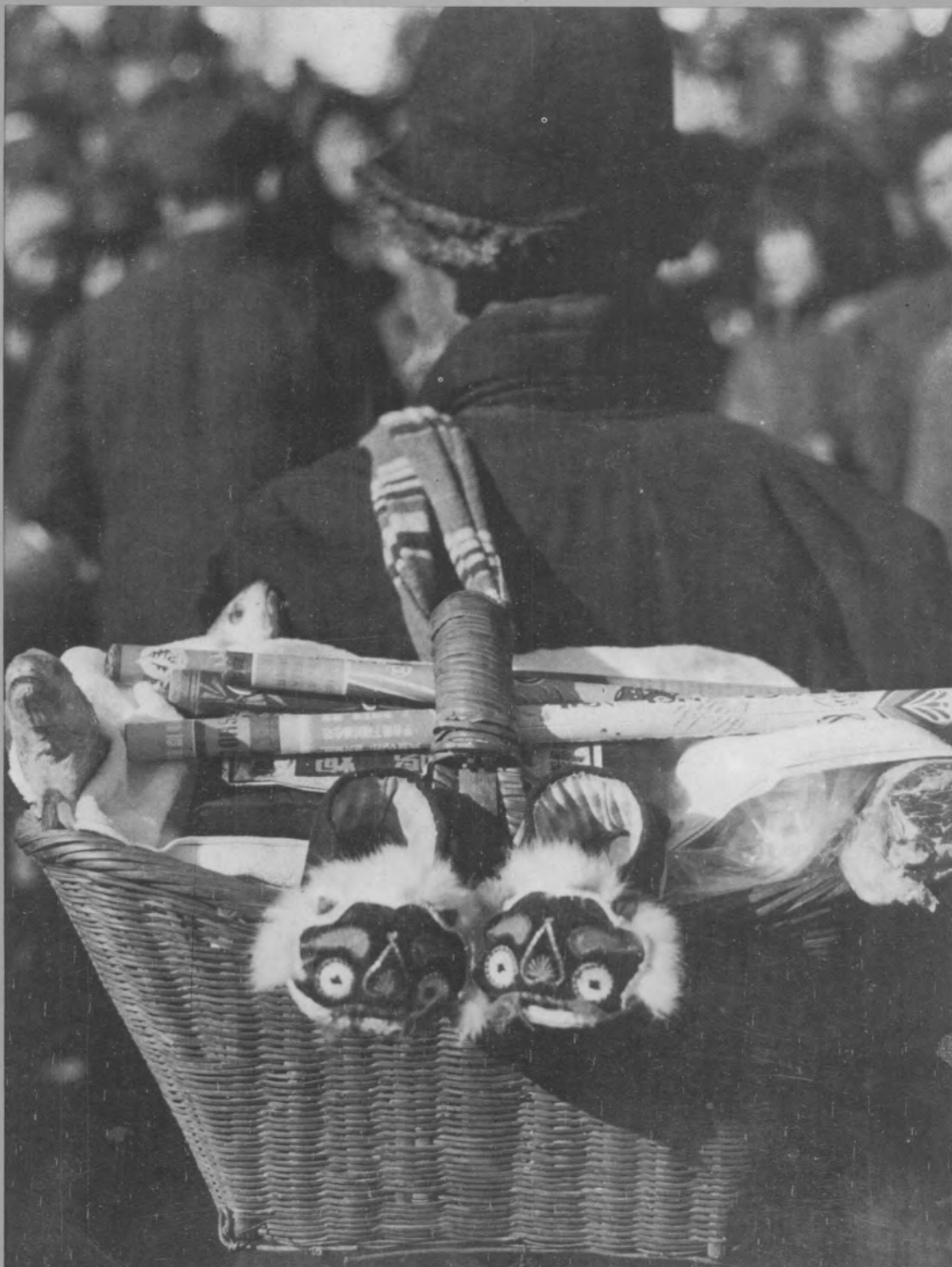
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World Impact
of Sino-Soviet
Normalization



**CLAMPING DOWN ON
ILLEGAL MARRIAGE**



An old man, on his way home, carries a basket full of various kinds of goods, including a pair of traditional tiger faced shoes for rural children.

Photo by Tan Enkuan

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COVER: Child marriage, though illegal, is still seen in rural areas.

Student Demos Followed by Dialogue

□ More than 30,000 Beijing college students took to the street on April 27 despite the government repeatedly calling for social stability. During the demonstration, no clashes or arrests were reported as both the police and students showed good discipline and restraint. On April 29, a dialogue took place between government and Party officials and 45 striking students over stamping out corruption and other issues (p. 5).

World Impact of Sino-Soviet Normalization

□ The upcoming summit between China and the Soviet Union will mark the official start in Sino-Soviet normalization. Yu Gang, a Chinese researcher on strategic studies, discusses the world implications of this normalization (p. 10).

Efforts to Eliminate Illegal Marriages

□ Illegal marriages—early marriage, child betrothal, arranged marriage, marriage related by blood, bigamy and cohabitation without a marriage certificate—are being screened out and eliminated in China. One consequence is also to let people know more about the Marriage Law and marriage procedures (p. 21).

Civilians Can Sue Officials

□ The adoption of the Administrative Procedure Law of China at the National People's Congress on April 4 and its going into effect on October 1 next year is a major event in the building of China's legal system and political democracy. With this law, ordinary people can sue officials and administrators are placed under the people's supervision. It helps achieve genuinely clean government (p. 4).

Basic Contradictions of Capitalism

□ With views which differ greatly from the analysis presented in two articles published by our weekly earlier, Li Cong places modern capitalism in the stage of state monopoly capitalism and sees its basic contradiction as having both a destructive aspect and an aspect which helps promote social development (p. 14).

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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Civilians Can Sue Officials

by Yang Xiaobing

The Administrative Procedure Law of the People's Republic of China, adopted at the National People's Congress on April 4, will be formally put into effect on October 1, 1990. This is a major event in the construction of China's legal system as well as an important step towards the building up of China's political democracy.

In modern China, the administrative procedure law, the criminal procedure law and civil procedure law are the three major types of procedure laws. Promulgation of the administrative procedure law is an important mark along China's path to a socialist legal system. The laws governing criminal procedures and civil procedures went into effect in 1979 and 1982 respectively.

In feudal China of thousands of years, the common people called the use of law to settle cases "guansi," which meant cases were tried by the government. At that time government organizations were the embodiment of law. The common people could only come before them to bring a lawsuit against somebody, but not against government organizations themselves, so legal supervision over administration and management was simply non-existent.

Since the founding of New China in 1949, serving the people has been the purpose of the people's government; in this respect it is totally different from the feudal government. But since government functionaries differ in ability and character, there are still malpractices for selfish ends on the part of a few. While performing their duty, it is hard for them to completely avoid infringing on the legal rights and interests of citizens. The law governing administrative procedures provides an effective legal guarantee that citizens' legitimate rights and interests are not infringed upon by administrative organizations and their personnel.

Instituting a law on administrative procedures has been an inevitable trend in the development of society over the past few years. After 1978, China implemented the policy of reform and opening up to the outside world. Over the past decade, marked changes have taken place. Evidence of this is: the ossified economic system has been breached and many old concepts have been assaulted by changes in the economic base. The deepening of reform to the economic system calls for pushing forward reform of the political system. The legitimate rights and interests won by citizens, enterprises and institutions through reform call for legal protection, and reform in turn also calls for changes in government functions, so as to institutionalize and legalize administration and management.

China attempted the establishment of an administrative procedure system in 1982. It is stipulated in the law governing civil procedure (for trial implementation) that the people's court is responsible for the handling of administrative cases for prosecution as stipulated in law. Before the adoption of the law governing adminis-

trative procedures, China had had more than 130 laws and administrative rules and regulations which stipulated that citizens and organizations can bring up a suit in the people's court with regard to administrative cases. The supreme people's court and various local people's courts had successively set up over 1,400 administrative judicial courts which had begun work. In 1987, people's courts at all levels across China handled 5,240 first instance cases; the figure jumped to 8,573 cases in 1988. All this has created conditions for the enactment of the law governing administrative procedures.

The law governing administrative procedures was universally acclaimed by the public. When the draft of the law was published in newspapers on November 10 last year by the NPC Standing Committee to solicit opinions, letters were received from many people including workers, farmers, judicial personnel, lawyers, administrators, teachers, students and foreigners of Chinese origin. They agreed that enactment of the law governing administrative procedures embodied the principle that all power belongs to the people.

While the draft law governing administrative procedures was put up for examination and discussion at the Second Session of the Seventh National People's Congress earlier this year, except for a few persons who thought that conditions were not ripe for formulating the law in China, the overwhelming majority of the deputies favoured enactment of the law. They said that with this law, civilians could sue officials and the administrators are placed under the people's supervision, thereby helping realize a genuinely clean government.

The law governing administrative procedures is an achievement in the reform of China's political system; it will push this reform further forward. At present, both China's economic and political systems are at a critical juncture: the old is being replaced by the new, and the responsibilities of government and state-owned enterprises are in a state of confusion. Before the law governing administrative procedures can be comprehensively implemented, it will be necessary to further rationalize the economic and political systems and deepen the reform.

There is a one-and-a-half-year interval between the publication of the law governing administrative procedures and its formal implementation. During this period, preparations should be made, such as giving widespread publicity, fostering in people the sense and courage to use the law as a weapon to protect their own rights and interests; discarding the old concept that "people should not sue officials," drawing up detailed rules for the implementation of this law; and foster an administrative and judicial contingent of professionals well versed in law. Such preparations, fully carried out, will make for more effective implementation of this law. □

Student Demos Shake Beijing

Officials from both the State Council and Beijing Municipality sat down April 29 with 45 students from 16 colleges to engage in the first dialogue of this kind since the student unrest started a fortnight before.

Their discussions centered around sweeping out corruption, problems in education, objective reporting in the press, as well as current student strikes.

By watching the three-hour-long televised dialogue, many Beijing residents were relieved to see the lack of tension in the atmosphere and that views were exchanged candidly and sincerely between the two sides.

Two days before almost 30,000 Beijing college students, holding streamers and banners and shouting slogans, took to the streets coming in from every corner of the city to peacefully "petition" the government after about 60,000 students boycotted classes for three days.

The demonstrators covered Beijing's major streets, singing the *Internationale* and shouting slogans. These included: "support the Communist Party," "support the Constitution," "support the four cardinal principles," "eliminate corruption," and "down with government profiteering."

Tens of thousands of onlookers were attracted by the demonstrators who virtually crippled the city's vast transportation network. Despite the large crowds, no clashes and arrests occurred, said police who were determined to maintain public order. Students were also disciplined and restrained during the demonstration that shook Beijing for more than 10 hours.

One day before the demonstration Beijing's Public Security

Bureau had reiterated a two-year-old regulation that all demonstrations held without their approval are illegal. No application for the Thursday's massive student action was made with the Public Security Bureau.

A Beijing city government spokesman pointed out that the students' demands for the eradication of corruption, and their zeal for quickening the democratic process is in accord with the wishes of the Party and the government.

However, the spokesman said, there were an extremely small number of people who attempted to stir up turmoil and he called on the people of the whole city to maintain social order.

On the night of April 19, during the mourning period for former Party General Secretary Hu Yaobang, who died on April 15, nearly 300 students and others tried to break into Zhongnan-

hai, headquarters of the Chinese Communist Party and the Central Government, according to a Xinhua report.

As the guards tried to persuade the students and others to leave the spot, bricks and bottles were thrown, slightly wounding four guards, said Xinhua.

"Earlier in the day, thousands of people swarmed into the Tiananmen Square to mourn for Hu," Xinhua said. "A few people took advantage of this to create disturbances by making demagogic speeches and chanting anti-government slogans."

Recently, Beijing's colleges and universities saw the foundation of organizations such as the "College Students' Federation," the "Unity Students' Federation," and the "Students Autonomous Association."

In an announcement, the official Beijing Municipal Students' Federation said the establish-

Rioting in the South

Rioters went on the rampage in the capital cities of Changsha in Hunan Province and Xian in Shaanxi Province on April 22 following public broadcasts of memorial services for Hu Yaobang.

At least 28 shops were looted at the Changsha Railway Station, the shopping centre at the May First Square and shops on Huangxing Road.

Police reported that about 100 arrests were made by public security early the next morning, saying that most of those arrested were hooligans with criminal records.

In Xian, police sources said, thousands of people, including college and university students, were at Xincheng Square when lawbreakers, moving through the crowd shouted anti-government slogans and began scuffling with the police while attempting to force their way into the local government compound.

About 130 armed police and public security personnel were reported injured in rioting that also saw 10 vehicles and 20 houses set ablaze.

Students, alarmed at the extent of violence, withdrew from the square, said a Xinhua report. □

ment of the so-called student organizations failed to observe legal procedures laid down in the constitution of the All-China Students' Federation and added that they have not been approved by the government. □

Zhao Re-visits DPRK

The Democratic People's Republic of Korea (DPRK) warmly welcomed Zhao Ziyang on his second visit to Pyongyang, his first since becoming Party general secretary in November 1987.

Zhao's six-day goodwill mission to the country as General Secretary of the Chinese Communist Party's Central Committee took place between April 24-29 and targeted on improving mutual understanding, friendship and co-operation between the two countries.

At a Pyongyang banquet given in Zhao's honour by Kim Il Sung, General Secretary of the Central Committee of the Worker's Party of Korea, Zhao reaffirmed China's firm support for

the Korean people's just cause for the independent and peaceful reunification of their country.

In the first meeting with Kim in Pyongyang, Zhao agreed that leaders of both nations should meet more often so as to keep each other briefed over their changing policies towards the shifting international situation.

The Koreans heard Zhao introduce China's achievements and problems it faces in development. He said that China would continue its reform movement and maintain its policy of opening to the world.

"Though we still need two or three years to coordinate economic order, we can accomplish our plan of quadrupling the GNP by the end of this century," Zhao said.

The present international situation is at a turning point, said Zhao. In foreign affairs, the Communist Party of China (CPC) will go on to adopt its peaceful and independent foreign policy, safeguard China's sovereignty and safety, support other nations' just causes and strive for a long-term peaceful international environment.

On Sino-Soviet relations, Zhao

pointed out that the Kampuchean issue is very important.

When meeting Kim a second time, Zhao said he hoped that Pyongyang, Seoul and Washington would hold negotiations on Korea's reunification. China hoped that the United States as one of the parties involved in the Korean issue would upgrade its level of representation through an earnest dialogue with the DPRK. Such ties could further ease tensions on the Korean Peninsula while helping to promote the unity of Korea.

To pave the way for north-south talks, Zhao suggested that Seoul release the famous dissident leader Moon Ik Hwan, whom they arrested on April 13 after his return to Seoul from Pyongyang where he held talks with Kim Il Sung on reunification.

Zhao's entourage included Wu Xueqian, member of the Political Bureau of the CPC Central Committee and vice-premier, Hong Xuezhi, deputy secretary general of the Central Military Commission, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Zhao's first visit to Korea was in 1981 when he was the premier of the State Council of China. "I want to see the changes in Korea after seven years," Zhao said on his trip to Pyongyang this time.

□

Waving to Korean well-wishers, General Secretary Zhao Ziyang (Front-R.) strolls with Kim Il Sung after his April 24 arrival in Pyongyang. LIU JIANSHENG



Train Robberies Harass Travel

Just as the express train, the "Satellite Special," was puffing into Boni, a whistle-stop in China's western Sichuan Province, seven cloaked figures jumped aboard. After prying open two box cars they fled into the night with many confidential state documents and money.

Although the train robbers were later traced to being a group of illiterate farmers who knew nothing of the importance of the materials, it alerted the nation to the outbreak of train robberies across the country.

There were 1,800 train robberies in the first quarter, an 89 percent increase over the same period last year.

In one case Guo Maoqi, a middle-aged Hunan farmer, was robbed twice on a single train ride. When he rode the Zhengzhou-Urumqi train, a burglar approached him saying he needed money and forced him to hand over 10 yuan. Half an hour later a different man came up and took 10 yuan, saying, "Since you have money for him, you also have to help me."

More than 30 passengers in Guo's car were either searched or robbed before the train arrived in Luoyang station where the bandits fled after wounding two passengers with their knives.

Loot from railway robberies ranges from large sums of money to tons of grain, fertilizer, coal and rail equipment.

Train robberies have been shifting from single-handed rip-offs to openly organized large-scale plundering, said Gong Weixin of the Shanghai Insurance Company.

During the past 11 months the Shanghai Commercial Transport and Storage Co. reported the loss of 3 million yuan that amounted to about 6,000 railway wagons of goods that included cameras and video recorders.

Outlook magazine reported that all the families in Yemazhai, a small Guizhou village on the Guiyang-Kunming line were involved in the 40 cases of railway freight robbery. The only exception was an old widow, too old to loot.

One Yemazhai farmer was found using an 18k gold necklace to chain his keys and village

children were found using high-grade neckties for waist belts.

Southern Hunan train robbers have developed their own ethical system that includes having 30 percent of their loot set aside to support gang members who have been fined or arrested.

Gangs even pension off families of the deceased, who were killed in action, and help raise their children and farm their land.

Inside-involvement by railway workers has made robberies scandalous, especially after it was revealed that a few railway police and train attendants were involved with the gangs.

The workers tipped off robbers on valuable freight movement, and even helped to harbour criminals and their loot.

Higher pitched complaints from travellers and freighters have kept up with the deteriorating situation which last March thrust itself onto the floors of the National People's Congress in debate.

Train robberies are seen as one spin-off of over-crowded trains, where two police often have to care for as many as 24 overloaded cars, each jammed with over 100 riders, said Li Chenxi, an official at the Railway Ministry.

Prompted by complaints and worries, public security and rail authorities have assigned more than 600 uniformed police and an undisclosed number of plainclothes officers on board passenger trains that are noted for robberies. These include the trains from Beijing, Shenyang, Zhengzhou, Urumqi and Shanghai.

Eight additional railway police bureaus will soon add their muscle to the crackdown, said the Railway Ministry official. These measures will be permanent and will start becoming evident by the end of April, he added.

by Wang Xin

Public Eyes Nude Art

One block down from *Beijing Review's* office, there is a swarm of people at the wall of mini-book stalls. Most of the nocturnal customers are hunting for a good nude photo album — the latest publishing craze to hit Beijing.

Nude art photo albums were best-sellers even before controversies that gathered around China's first exhibition of nude oil paintings last winter died down.

Since that exhibition, which brought in more than 10,000 visitors every day, some 20 publishing houses took the hint and started to put out nude art photo albums that fetch large profits for the printers.

At one book stall located in front of the China Art Gallery, the country's leading art museum, a spectacled young man paid 42 yuan, almost half an engineer's monthly salary, for an album entitled *World Nude Art Photos*.

He rebuked a crowd of curious onlookers with: "What are you leering at? This is art."

However, an older man shook head when he saw what was on sale at a stall in Kuanjie street, saying, "They look like pornographic books to me. Do any of the buyers really know anything about art?" Then he added, "I wouldn't want my children to see them."

At some bookstands at Ganjiakou in Haidian District, there are about ten kinds of nude art photo albums by such names as *Selected Foreign Nude Art Photos*, *Expressions of Nude Art Photos*.

Owners of these bookstands have differing opinions.

"I feel nothing about them. I sell them only because they bring me money," a young man whose

family name is Jin said.

"I don't like them. They're ugly," Liu Guilin, an old woman said.

"I haven't seen any female buying these albums," said a young woman who refused to give her name. "If I liked this type of art very much and wanted to buy it, I don't know whether I would buy or not with so many people around me. Perhaps it would depend on my mood at the moment," she said.

"Those who buy them seem to have different cultural standards," she noted. "I think only a small part of the buyers are for art. Some physical labourers who came from other provinces for jobs and have little education also buy these albums. Obviously, their aim is not to appreciate art."

Professor Yang Xianrang of the Central Academy of Fine Arts said that the beauty of the human body itself is natural and pure. And "it is an inalienable part of fine art," he said, adding that people should take a purely artistic attitude to the appreciation of nude art.

As China's feudal period lasted for several thousand years, many feudal concepts are still cramping the thinking of the people. For example, nude art had long been regarded as an "offence against decency" and it is still common for nude models to be shunned as outcast.

Over 50 years ago when Liu Haisu and Xu Beihong, two of China's most famous modern painters, introduced nude art to China, they came under heavy criticism.

At the opening ceremony of the nude oil painting exhibition, Vice-Minister of Culture Ying Ruocheng said that as this is still a controversial field, he believed that people could make their own minds on the significance and value of the paintings.

In fact, more and more people

nowadays are accepting and enjoying nude art.

Additional complaints have come from some girls who said that the albums carry few male photos. "I like the undraped male human form because it is an embodiment of strength," an high-school girl said.

by Li Bin

Third World Trades Ideas

World peace would be a much closer reality if the four-fifths of humanity that compose the third world achieve development, said Li Yimang, head of the Chinese Association for International Understanding (CAIU), a major Chinese non-governmental organization.

Speaking at the opening ceremony of its international symposium on development strategies for the third world held on April 18-21, Li said the aim of the symposium was to help Third World mutual understanding in the development field. Ways to improve development research and exploration for these countries were also discussed.

With 50 representatives from 30 countries and 12 international organizations in attendance, organizers called the symposium a success.

In recent years, Li said, many third world countries have been exploring new development strategies that fit their conditions, and with this they have accumulated precious experience. The symposium put all this experience under one roof for all nations to use.

"While China advocates self-reliance," Li said, "it is also willing to accept help from outside. Over the past decade, China has attracted much investment and imported technology and man-

agement experience through its open door. In this, we're open not only to developed countries, but also to developing countries."

Subjects of the symposium included development and reform, economy, environment, education, population and employment.

Issues such as inflation, agriculture, education, population and environmental protection were hotly debated.

by Li Bin

Beijing Boosts Education Funds

A ten point strategy to reverse declining educational standards was unveiled by Chen Xitong, mayor of Beijing, to the city's People's Congress on April 20.

Chen's plan includes higher expenditures for education with Beijing's school budgets being increased to 20 percent, up from last year's 18.1 percent.

In his work report, Chen said that despite continuously increasing education funds, there are still difficulties and problems in the area.

The city will encourage businesses and other social bodies to support schools and help school-owned enterprises.

At present, 88.2 percent of educational funds are allocated by the state, 10.9 is invested by various social institutions, while 0.9 is still shouldered by students.

The municipal government is also planning to raise 50 million yuan for wage-reform in primary and high schools to bring the average income of teachers up to the level of state owned enterprise workers.

The city has promised to give priority to construction items related to education, such as residences for educational personnel.

by Lu Yun

Biweekly Chronicle

(April 16-29)

POLITICAL

April 21

□ Chinese mainland police hand over 30-year-old Yang Mingzong, a murder suspect sought by Taiwan, to Singapore authorities, who then pass him over to the Taiwan police. This is the first criminal extradition case handled by police from both sides of the Taiwan Straits with the help of another country.

□ Beijing Intermediate People's Court sentences two state factory directors, one to death and the other to life imprisonment, in open court. They are convicted of embezzlement and bribery and both are appealing the verdict to the city's high court.

April 24

□ A hijacking attempt to Taiwan is foiled in a plane flying from Ningbo in Zhejiang Province to Xiamen in Fujian Province. Liang Aozhen, a worker from Jiangxi Province, ignites an explosive which wounds two passengers and a crew member. He himself is seriously wounded and dies on the way to hospital after the plane lands intact in Fuzhou.

ECONOMIC

April 25

□ China has to carry out price reform, though "in moderate step," to ensure the transition from the highly centralized planned economy to a planned market-oriented economy, Chinese Premier Li Peng says when meeting with guests from Hungary. Li says that price reform cannot proceed too quickly "even when the economy develops rapidly."

April 28

□ Lawmakers have proposed the

drawing up of laws and regulations to ban the import of foreign luxuries including sedan cars, cigarettes and alcoholic beverages, according to the National People's Congress (NPC) Standing Committee. In a motion submitted to the NPC, Sha Qiliang and 32 other deputies point out that a large variety of foreign luxuries have found their way into China through various channels in recent years. This trend is not conducive to the ongoing economic retrenchment programme and is fueling official corruption.

FOREIGN RELATIONS

April 19

□ Saudi Arabia has decided to set up a trade representative's office in Beijing, says Abdullah El-kuwaiz, deputy minister of finance and national economy of Saudi Arabia, adding that the director of the office has already been appointed. He also says that China has decided to open a trade representative's office in Saudi Arabia shortly. Saudi Arabia is the only Arab country that has no diplomatic relations with China.

□ A Chinese Foreign Ministry spokesman says that the arrest of the Rev. Moon Ki-hwan by South Korean authorities is obviously not conducive to a dialogue between the north and south of Korea. He says China is opposed to any action that is detrimental to the easing of tensions on the Korean Peninsula.

□ A leader of the Afghan resistance forces, Gulbaddin Hikmatyar, visits Beijing. Gulbaddin is accorded a friendly reception by the Chinese People's Institute of Foreign Affairs.

April 27

□ Chinese Vice-Foreign Minister Tian Zengpei and his Soviet counterpart E.A. Rogachov are

having work consultations in Beijing in preparation for the forthcoming Sino-Soviet summit.

SOCIAL

April 16

□ An earthquake, measuring at 6.7 magnitude on the Richter scale, strikes Batang County in Sichuan Province. At least four people have been found killed and five injured. Some 30 houses collapse in one village, while most houses in the county's main city have been left with cracks.

April 19

□ A hailstorm sweeps across Luzhou City and some other areas of Sichuan Province, killing at least 87 people and injuring 4,200, according to the local government. The highest wind velocity reaches 28 metre per second and the largest hailstone is measured 23 mm in diameter.

CULTURAL

April 17

□ Education in China has a bright future if the whole country rallies behind it and takes resolute measures, says Zhao Ziyang, general secretary of the Communist Party of China, at a forum in Beijing.

April 20

□ China is looking forward to the second step in sports exchanges between the two sides of the Taiwan Straits, says President of the Chinese Olympic Committee He Zhenliang in Beijing. Remarking on the arrival on April 17 of the first sports squad from Chinese Taipei to compete on China's mainland, he says he now expects that mainland athletes and coaches will be allowed to go to Taiwan. □

World Impact of Sino-Soviet Normalization

A normalized Sino-Soviet relationship will bring multiple benefits to the two countries and the rest of the world. But only through strictly observing the Five Principles of Peaceful Coexistence can a new type of good-neighbourly and friendly relations between the two countries flourish.

by Yu Gang

The upcoming summit between China and the Soviet Union will mark the beginning of the normalization in their relations.

Both China and the Soviet Union are big nations of great international influence and also the two largest socialist countries in the world. What kind of influence will the improvement of their relations exert on international relations? The new trend, in my personal opinion, will engender the following four positive factors.

1. It will further promote the relaxation and stability in international relations.

At present, there has emerged

The author is a senior research fellow of the Beijing Institute for International Strategic Studies.

Moscovites inspect exhibits at the Chinese Economic and Trade Exhibition in the Soviet capital.

JIA ZHIPING



in the world a trend towards turning confrontation into dialogue. The tendency of solving international disputes by peaceful means is developing and the momentum of detente is being strengthened. Under these circumstances, the normalization of relations between the two countries will make new contributions to the maintenance of world peace.

The normalization of Sino-Soviet relations presupposes the removal of the three major obstacles. The Soviet Union withdrew its troops completely from Afghanistan before February 15, 1989. On the political settlement of the Kampuchean issue, China and the Soviet Union have enhanced their mutual understanding and have more views in com-

mon. They both have called for the withdrawal of all Vietnamese troops as early as possible within 1989.

Now, Viet Nam has openly announced its new timetable for troop withdrawal, according to which all its troops will be pulled out from Kampuchea no later than September this year.

As for the question of the Soviet troops deployed along the border, Moscow has indicated that it will withdraw most of its troops stationed in Mongolia and reduce its forces in the Sino-Soviet border area, so as to bring them down to a level of a normalized relationship.

Normalization of Sino-Soviet relations will, first of all, bring about relaxation of the situation in the areas where the three major obstacles have existed. At the same time, the improvement of Sino-Soviet relations will help promote Sino-Indian, Indian-Pakistani, Soviet-Pakistani and Sino-Vietnamese relations while allowing Soviet and Vietnamese relations with the ASEAN countries to gradually relax.

2. It will promote the establishment of a new international political order.

The normalization of Sino-Soviet relations is conditioned by strict observance of the Five Principles of Peaceful Coexistence, instead of being based on the restoration of the alliance that once existed in the 1950s.

The alliance was a special outcome of the conditions of the 1950s. However, the international

strategic situation has undergone significant changes and China's position in the world is also quite different. An alliance between China and the Soviet Union will be not only outdated but also harmful to the maintenance and strengthening of world peace.

China, which clearly realizes its position and role in the world, persists in pursuing an independent foreign policy and develops relations with countries of every type of social system in accordance with the Five Principles of Peaceful Coexistence.

China and the Soviet Union have the same social system, but they also have their own respective national interests. To handle the different national interests of the two countries properly, the only feasible way in dealing with each other is to strictly adhere to the Five Principles of Peaceful Coexistence.

In the course of discussions on normalization, both sides have agreed to base it on the Five Principles of Peaceful Coexistence. This will help promote the gradual establishment of a new international order based on these principles.

3. It will strengthen international economic co-operation.

One of the targets and symbols of Sino-Soviet normalization will be the friendly economic co-operation between the two countries, both large nations with mutual borders, vast territories, rich resources, big populations and huge markets, and having their respective advantages in industrial and agricultural products. As former partners they could co-operate and make up each other's deficiencies in accordance with the principles of equality, mutual benefit and common progress.

In recent years, Sino-Soviet economic relations have made considerable progress, and the economic and trade exchanges in the Sino-Soviet border areas, in



Members of China's Kunming Acrobatic Troupe and the Moscow Variety Show Troupe meet in Lima, Peru.

LIU ZHONGYANG

particular, have been developing even faster because of their mutual needs.

The Soviet Union is considering the development of its vast but economically backward Far East area through a tripartite co-operation between it, China and Japan, with hopeful inclusion of South Korea.

When Sino-Soviet relations are normalized, it will not only create conditions for the development of bilateral economic co-operation, but also promote economic co-operation with the developed capitalist countries and the newly industrialized countries and regions. This will constitute a relationship of multi-lateral international economic co-operation favourable to the improvement of political relations.

In the present international economic relations, there has emerged a new tendency towards the internationalization of economic activities. In production, trade or finance, interpenetration and interdependence have become a common phenomenon, which will exert a great influence on the present and future development of the world economy.

Both China and the Soviet Union are now carrying out large-scale reforms of far-reaching significance and are opening to the outside world. The development of economic co-operation between them will definitely promote international economic activities in new fields and through new channels.

4. It will facilitate the exchange of experiences of reforms among socialist countries.

Both China and the Soviet Union are socialist countries. Their social systems, on the one hand, have many points in common, and, on the other hand, have different aspects that have resulted from their respective specific national conditions. In light of the new international situation and the need for economic growth, as well as quite a few problems and shortcomings left over by history, they are badly in need of making reforms.

It is 10 years since China started its reform, while the Soviets have carried out reform since Gorbachev came into power.

To carry out such a large-scale reform in socialist countries is a most complicated attempt. As the specific national conditions of China and the Soviet Union

are different, their ways of carrying out reform vary.

Each country should rely upon its own efforts in reform and earnestly sum up its experiences of success and lessons of failure. But, to learn from other countries' experiences is also important and necessary. The normalization of Sino-Soviet relations will create favourable conditions for them to understand each other's reform and to exchange experience on reform.

Despite these positive factors, the improvement and normalization of Sino-Soviet relations have aroused suspicion and concern among some people in the world because of historical reasons. They are mostly worried about a resumption of the old Sino-Soviet alliance, fearing this would upset the overall balance of the international strategic pattern or harm the interests and security of a third country.

Such Auspicion and concern are understandable, but I think they are totally unnecessary if one seriously analyzes the present international situation and the new Sino-Soviet relations. There are mainly two reasons:

First, the present international and domestic situation, compared to that of the 1950s, has undergone fundamental changes, so there do not exist subjective or objective conditions and needs for China and the Soviet Union to form an alliance.

Internationally, the United States in the 1950s adopted a policy of hostility towards New China, formed a military alliance against it and established military bases around it. For many years, the United States blockaded the mainland and even sent warships to occupy the Taiwan Straits.

These acts seriously threatened China's security. At that time the United States was the No.1 enemy of New China while the Soviet Union was the only big

country that could support and assist China in all fields. It could be said that China's pursuance of its "leaning to one side" policy and its entering into an alliance with the Soviet Union was a choice that was forced by the US policy towards China.

Today's situation is obviously different from that in the 1950s. It has already been 10 years since China and the United States established diplomatic relations, and both countries have achieved notable progress in exchanges and co-operation in many fields. Both sides have expressed their willingness to continue to develop their friendly relations of mutual benefit and co-operation steadily on the basis of the three joint communiques, and also hope to achieve even greater progress in the next decade.

The improvement and normalization of Sino-Soviet relations will never endanger the interests of the United States and the West, but, on the contrary, will help the relations between China and the United States as well as the West to develop in a healthier and more steady way.

Domestically, China has already announced that it is building socialism with Chinese characteristics and does not copy any pattern from foreign countries. It is carrying out an independent foreign policy. It will not establish alliances or strategic relationships with any major power. In economic and technological relations with foreign countries, China is carrying out a policy of opening to all the countries, including both Western and socialist countries and the third world nations. These subjective and objective conditions will guarantee that the normalization of Sino-Soviet relations will never mean the resumption of the relationship of alliance as existed in the 1950s.

2. Second, the normalization

of Sino-Soviet relations is being realized just when there has emerged the trend of dialogue and relaxation of tension in the world as a whole. US-Soviet and European-Soviet relations have already been improved, and the improvement of Japanese-Soviet relations is also under way.

The development of Sino-Soviet relations has obviously lagged behind that of US-Soviet and European-Soviet relations. In this situation, should Sino-Soviet relations continue to be abnormal, it would be harmful not only to the reform and economic development of China and the Soviet Union, but also to the maintenance of the overall balance of the international strategic pattern.

In this multipolar world, it is most essential for all countries to trust and depend upon each other. China does not worry at all about the improvement of US-Soviet relations, but instead, gives it a positive appraisal, believing it is conducive to the promotion of world peace and stability. So I think the normalization of Sino-Soviet relations should also not be a matter of concern to people of insight in the United States and other nations of the West. The Western press are reporting on the normalization of Sino-Soviet relations mostly with a positive and affirmative attitude. Most of them believe that this normalization will benefit the three countries of China, the United States and the Soviet Union and help improve East-West relations. This trend will not harm the interests and security of any third country.

Finally, I must stress that the realization of normalization of Sino-Soviet relations does not mean that there will be no more contradictions or divergences between the two countries. China and the Soviet Union have their respective national interests and their foreign policies are quite

different. It remains to be tested by practical deeds and time as to whether the Soviet Union can thoroughly correct its deep-rooted big-nation chauvinism and hegemonism under the guidance of Gorbachev's new thinking.

I sincerely hope that the new Soviet leader will conscientiously

put into effect his new thinking for the Soviet foreign policy, and, in the international political and economic arenas, strictly observe the Five Principles of Peaceful Coexistence and the principles of equality, mutual benefit and common progress in economic co-operation. Only by doing so can a new type

of good-neighbourly and friendly relations between China and the Soviet Union be established that will contribute to the maintenance of the new international political and economic order.

(Translated from "International Strategic Studies," No.1, 1989, with revisions approved by the author.)

South Korea: A Setback to Negotiations

The uproar caused by dissident pastor Moon Ik Hwan's visit to Pyongyang will influence South Korea's future policies, as well as relations between the North and South.

by Zhou Bizhong

On April 13, South Korean dissident pastor Moon Ik Hwan was arrested on his return to Seoul after making an unauthorized trip to Pyongyang.

Moon Ik Hwan, a famous figure of the democratic movement in South Korea who began his activities in the movement in 1976, has frequently expounded his views on the reunification of Korea and demanded the withdrawal of US troops in his speeches, thus gaining the support of South Korean masses and upsetting the authorities.

Moon has been arrested four times since March 1976 when he drafted the March 1 Declaration against Park Chung Hee's new regime and spent seven years in prison. This experience, however, has only steeled him in his determination to seek democracy. He has formed his own views on the reunification of Korea, that is, reunification is democracy while democracy is also reunification. He also stands for realizing reunification in three steps. He has pointed out that the reality of separation has become a hotbed for anti-democratic, anti-national and anti-mass forces.

According to sources close to Moon, his visit to Pyongyang was the action through which he put his faiths into effect.

During his trip to Pyongyang,

he met President Kim Il Sung twice, discussing the problem of reunification. He also signed a joint statement on an independent and peaceful reunification with Ho Dam, chairman of the Committee for the Peaceful Reunification of the Fatherland of the Democratic People's Republic of Korea. At press conferences in Pyongyang, Beijing and Tokyo, he said that his visit had achieved more than expected. He also hoped a South-North summit meeting would be held.

Moon's Pyongyang trip brought various responses in Seoul. The South Korean Minister of Justice said that Moon's action violated the National Security Act and the government would investigate his motives, aims, and all activities associated with the North Korean visit and punish him according to the law. The ruling Democratic Justice Party considers that Moon's visit to Pyongyang is an offence against the law, and that he should be arrested and investigated. The Peace and Democracy Party expressed regret that Moon had not consulted the government beforehand. The Reunification Democratic Party strongly criticized Moon's visit, at the same time exposing the Roh Tae Woo government's attempts to suppress progressive forces by

making use of the incident. The New Democratic Republic Party considers that at the same time as dealing with the incident in accordance with the law, the government should examine its policy towards the North.

However, more than 40 groups not in office, such as the United National Democratic Movement, have condemned the authorities' action in arresting Moon Ik Hwan.

The uproar caused by Moon's visit to Pyongyang will influence not only the direction of South Korea's policy, but also the relations between the North and South. According to reports, the South Korean authorities will retain the monopoly exchanges and continue more cautiously with their policy of approaching the North.

Observers said the South Korean authorities' crackdown on dissidents would lead to a situation in South Korea of turbulence and intranquility.

The Committee for the Peaceful Reunification of the Fatherland has strongly condemned the South Korean authorities for the incident and demanded they take responsibility for all the results. The North side has also advised the South to put off the north-south talks scheduled in April.

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FORUM

Basic Contradictions of Capitalism

Following are extracts from a thesis written by Li Cong, director of the World Economic and Political Research Institute under the China Academy of Social Sciences. The author analyses the various contradictions of modern capitalism within a particular country and in the world as a whole, and points out that the basic contradictions of capitalism exercise a destructive influence on the one hand and on the other, promote social development. Modern capitalism is now in the stage of state monopoly capitalism. Some of his views differ greatly from the analyses presented earlier in two articles published by our weekly—one, in No. 46, 1988, the other in No. 2, 1989.—Ed.

The reassessment of capitalism is a big topic of discussion these days. It encompasses a series of scientific fields. This article views capitalism from the angle of its basic contradictions.

Dual Nature of Contradictions

Contradictions between socialized production and the private ownership of the means of production are the fundamental contradictions of capitalism. This correct inference of Marx has been borne out by the history of capitalism.

Some lopsided understandings on this question have existed for a long period, as if these contradictions have played only a negative, destructive role in the development of capitalism. As a matter of fact, like all the inherent contradictions of a thing, the contradictions of capitalism are also the motive force promoting its development. Although capitalism, propelled by its innate contradictions, teems with blind competition, bankruptcies, imbalance, crises and class conflicts, still, these are the circumstances through which it develops before it finally dies out. Only the bankruptcy of an inefficiently run enterprise can com-

pel the establishment of a new one of higher efficiency; only imbalance can bring forth balance; only crises can induce the revamping of the production equipment and lead to a new upsurge in production; and only the struggle of the working class against capitalists can bring about adjustments in the relations between various classes and improvements in the status of the working class. In a nutshell, capitalism is advancing in the struggle of its own contradictions, and contradictions are the motive force for its advance.

Many contradictions of capitalist society have seriously undermined the productive forces. At the same time, the internal regulative mechanisms and functions of capitalism are notable and their power to propel the development of the productive forces and overall economic growth is tremendous.

Coexistence of Monopoly and Competition

In fact the tendency is for the monopolies to constantly grow more powerful while at the same time, they are being restricted by many factors. The strengthening of monopolies has not at all reduced the spheres of influences

they compete for.

First, while monopolies are being reinforced, non-monopolies and small and medium-sized enterprises have existed side by side with them and have held an important position in some sectors and even in the whole economy. To regulate the relations between the monopolies and non-monopolies, the capitalist countries have adopted various anti-monopoly measures. This has played a considerable role in curbing monopoly and protecting competition.

Second, while a particular concern may hold a position of monopoly in a certain department, still, within a short period of time, new emerging departments will rise and challenge the old monopoly.

Third, even if some monopolies gain complete control over the domestic market, as internationalization of production develops, they will be confronted by strong competitive opponents from other countries.

Apart from competition between enterprises, there is also competition and struggle between nations. During the stage of state monopoly capitalism, struggles carried out by the state itself or supported by it are particularly fierce.

Competition based on private ownership under capitalism is not only blind and destructive but fierce, bringing on confusion, anarchism and disproportionate development among the different sectors of production. On the other hand, so far as the enterprises and capitalists are concerned, competition also puts powerful pressure on them to constantly make reforms, to advance continuously, and to promote the uninterrupted growth of science, technology and the productive forces.

Capitalism Is Not About to Die Out

Capitalist relations of production are not ossified or fixed. They undergo constant adjustment and change. Not only do quantitative changes take place, but after a certain period of time, they may lead to qualitative changes within the framework of the capitalist mode of production. These partial qualitative changes can, to a certain extent, keep pace with the development of the productive forces.

In the early stage of monopolization, the means of production were first owned by individual capitalists. They represented private capital of individual enterprises. The scale of these enterprises was, generally speaking, not big and tallied with the current productive forces represented by the steam engine and an industrial setup having light and textile industries as its mainstay. Along with the enhancement of the productive forces and socioeconomic development, when mines were opened on a big scale and efforts were devoted to heavy industry and the building of railways, this form was unfeasible. This situation led to the emergence of joint-stock companies which represented the collective capital and enterprises of the owners of capital. They were

much larger in scale than the individual enterprises and basically suited the needs of the development of social production at that time. On the basis of the joint-stock companies and through the merging of enterprises, more powerful monopolies came into being. The transition from individual enterprises to joint-stock companies and from joint-stock companies to monopolies constituted a major adjustment of capitalist relations of production. The formation of the monopolies in particular, which occupied a dominant position in the socio-economy, reflected a major adjustment and partial qualitative change in capitalist relations of production. This major adjustment and partial qualitative change made possible the second scientific revolution marked by the application of electric motors and power in the late 19th century. They also enabled production in the developed capitalist countries to make rapid progress.

The adjustment of the capitalist relations of production had not come to an end. After a certain period of time, ordinary monopolies failed to suit the new development of the productive forces.

The economic crisis which struck in 1929 and lasted until 1933 was a strong signal. At this time, the capitalist countries had to carry out direct interference in and adjustment of the economy—this is known as state monopoly. After World War II, the state monopoly was fully developed and complete in all its forms. The higher form of modern socialized production reflected a major adjustment and partial qualitative changes in the capitalist relations of production. The partial qualitative changes suited the needs of the new development of the productive forces and promoted the new technological revolution and the

rapid growth of production of the developed capitalist countries for 20 years after the war.

The adjustment and changes in the capitalist relations of production of the past 100 years are by no means all-inclusive. There are other manifestations, such as the increasing separation of proprietary rights from enterprise ownership and the continuous strengthening of the functions and role of managerial personnel; decentralization of stock ownership by the companies allowing workers, staff members and residents to own shares; collective ownership and management of enterprises by workers and staff; inclusion of representatives of the workers and staff by enterprises to participate in management; and allocation by enterprises of some of their profits for social insurance funds. These forms cannot be regarded simply as clever means by which monopoly capital strengthens its rule, or as tactics to lull and buy over the workers. One should also note that these forms were needed and came into being to suit the development of socialized production.

Evidently, the process of self-regulation of capitalist relations of production has not come to an end, still has much leeway, and will persist. Only if this process of development is enabled to continue can the potential of capitalism be brought into full play and the system of capitalism live on. Views which hold that capitalism will soon die out don't tally with reality.

Development Limited

The capitalist countries have conducted widespread macro-regulation of their economies. But on the basis of capitalist private ownership, market forces still play a tremendous role. Regulation by the state cannot fully check and control the random

onslaughts of market forces, and contradictions between production and the market still exist. The lack of proportion and balance between various economic sectors on the one hand and various links of reproduction on the other is difficult to overcome and economic crises cannot be eliminated. Since the Second World War, although no serious crisis like that which struck in the 1930s has occurred, cyclical economic crises are frequent and the structural crises are more glaring than before.

When crises, particularly structural crises, are deepening, the growth rate of production drops and the development of the entire economy slumps into a state of stagnation or semi-stagnation. Since the early 1970s, the economies of the developed capitalist countries have lapsed into the predicament of "stagflation." In the 1980s, inflation has been curbed somewhat, but stagnation in production has continued. During this period, although science and technology have made rapid progress, production as a whole has proceeded haltingly amid difficulties. For many years, the unemployment rate in many developed capitalist countries has exceeded 10 percent and drastic disruptions break out again and again in the sphere of production and circulation.

Although the state always projects its image as the representative of the whole of society and adopts various measures to regulate relations between various social strata and groups, still since the relations between the capitalists and workers, the employer and the employed, and the exploiter and the exploited have not been radically changed, there cannot be any real justice or equality in such a society. After World War II, although the income of the working class and the labouring people has increased and their living stan-

dards improved to some extent, general prosperity has not been realized. The gap between the rich and poor has not been eradicated and at times has widened. In the developed capitalist countries a small number of rich people are at the apex of the pyramid and the large masses of the poor are at the base.

After the war, although scientific, cultural and educational undertakings in developed capitalist countries have made much headway, there is little guarantee that the broad masses can receive adequate education and training, and even less that their wisdom and talents can be fully tapped. Large numbers of the people are deprived of this opportunity and possibility. First of all, children in low-income families hardly have the opportunity to receive higher education. That is why in many developed capitalist countries young people have made up a fairly big proportion of the large contingent of unemployed.

The above shows that in the sphere of the capitalist mode of production, there are great limitations to the adjustment of the relations of production, the progress of the productive forces and social and economic development.

Internationalization of Production

The basic contradictions of modern capitalism show up much more prominently in the international sphere. Since World War II, the internationalization of production has developed further. But in the international sphere, the adjustment of the relations of production to it has been far from suitable.

Concrete embodiments of today's high degree of internationalization of production: One is transnational corporations, and the other is nations and national groups. The transnational cor-

porations' organizational form, its global strategy and plan for management, as well as various policies and measures adopted by nations and national groups to meet the needs and promote the internationalization of production are all embodied in partial qualitative change and massive adjustment of relations of production of modern capitalism in the international sphere.

As the extent of internationalization of production increases, the basic contradictions of capitalism in the international sphere grow more obvious day by day. In the main, its concrete manifestations are: contradictions between the internationalization of production and the interests of the national states; contradictions between the internal organized, planned, global managerial strategy of the transnational corporations and the unplanned anarchistic nature of capitalist world production; contradictions between the economic life within each country which, to some extent, is controlled and regulated, and international economic relations which are difficult to control and regulate; the contradictions between the tendency of world production towards unlimited expansion and limited world markets; and the contradictions between each of the separate transnational corporations, those between the developed capitalist countries, as well as the contradictions between developed capitalist countries and the developing countries; contradictions between the people of the world and hegemonism and expansionism. It is thus clear that the contradictions of modern capitalism are much more complicated in the international sphere. These interwoven contradictions cause economic fluctuations, imbalance and crises in the capitalist world.

In order to mitigate these contradictions and crises, and to

deal with their common difficulties, the main capitalist countries have to jointly seek counter-measures, to act in co-ordination, and try to adjust international economic relations. For instance, under the circumstances of deepening economic crisis and stagflation the heads of state of the main capitalist countries, beginning from 1975, held a meeting every year to jointly seek for ways to deal with the situation and to adopt united action. Regional economic integration groups composed of a number of countries, such as the member countries of the European Community, have followed certain common policies and adopted co-ordinated measures towards a common goal. For this they were quite ready to sacrifice certain partial interests.

Although international regulation has achieved certain results through the effort made by capitalist countries, it is incomparable with the internal regulation within capitalist countries. This is because monopoly capital keeps up a fierce drive for foreign expansion so as to control a larger portion of the world market, seeking to monopolize it altogether; the capitalist countries always practise the "principle" of national self-interest, benefit themselves to the neglect of others, and shift their troubles on to neighbouring countries; and the superpowers, which are the strongest of all, adhere to hegemonism. Because of their different interests, it is unavoidable that all of them should entertain their own calculations while acceding to common international regulation, so that possibilities for co-operation are limited. But this is only within regional bounds. Their establishment is only aimed at resisting powerful counterparts outside the community, while within the community itself, the major differences between each member

country are difficult to eliminate completely.

As to the relations between the developed capitalist countries and developing countries, or the relations between north and south, over the years these have somewhat improved as the latter have carried on constant struggles. But, up until now, there has been no fundamental change in the situation of the former exploiting and benefiting from the latter, of inequality, and of unfair, unreasonable relations between them.

During the post-war period, with the rapid development of the productive forces amidst the scientific and technological revolution, the development of capitalism became even more imbalanced. Changes took place rapidly in the relative economic, financial and technological strength of the principal developed capitalist countries, so that the contradictions and struggle between them became fiercer, and their interests were more difficult to co-ordinate. No wonder that during the whole post-war period, particularly since the 1970s, friction, conflicts, turbulence, imbalance and crises in the realm of capitalist international economic relations have surged and waned endlessly.

The most prominent problems in the 1970s were the crisis in energy resources and worldwide inflation. At present, these two crises are more or less under control. But a series of other problems are surfacing, such as international trade imbalances, especially the huge trade deficit of the United States and Japan's trade surplus; the eruption of trade wars and protectionism; Japan, replacing the United States, has emerged as the biggest creditor nation in the world, while the United States has become the biggest debtor nation; the exchange rate of the US dollar fluctuates widely; the great

majority of developing countries shoulder enormous foreign debts which impede their economic development. South-north economic differences have widened further. These phenomena of crisis and imbalance present a worrisome, dismal outlook for the economic development of the modern capitalist world.

These fluctuations, upsets, imbalance and crises inevitably impede economic development within each country.

Developing Stage of Capitalism

What historical stage is capitalism in at present? Many people are concerned about this problem. Scholars conduct surveys from different angles and adopt different points of view.

In my opinion, the historical development of any social system, generally speaking, undergoes several stages: embryonic, primary, middle and high, and so does that of capitalism. It can be said that capitalism's embryonic stage lasted for two or three hundred years before the industrial revolution to machine production came to occupy a dominant position. Capitalism entered its primary stage after the industrial revolution and lasted about 150 years, until the end of the 19th century and the beginning of the 20th century.

The monopoly stage was the middle stage of capitalism, following which the capitalist world system was formed and the contradictions inherent in the capitalist system were conspicuous. After World War II, capitalism entered the stage of state monopoly capitalism, that is to say, its highest stage.

Because its basic characteristic is the overall regulation of socio-economic life, it is called state-regulated capitalism. Some people take this as an important sign that capitalism has matured, and

call this stage mature capitalism.

As stated above, state regulation itself is a form of management of modern, highly socialized mass production. The full development of state regulation is an indication of transition from capitalism to a higher stage of society (that is, socialist society). Of course, these forms themselves that conform to modernized mass production are not

yet socialism, but are obvious signs that capitalism is bound to die out and be replaced by socialism. After capitalism becomes extinct, these forms will not only still exist, but will be further improved, and will play their full role in regulating and managing socio-economic life.

As mentioned above, there is still a quite large area for development in the self-regulation of

modern capitalism. Without an immediate revolutionary situation or outbreak of revolution, the regulation and management forms within capitalist economy suitable for modernized mass production will continue to accumulate and expand. As quantitative changes become qualitative changes, capitalism will finally enter socialism. This process will take quite a long historical period to complete. □

Development and Role of the Private Economy

by Ren Zhonglin

The private economy is a component of China's ownership structure with public ownership as the main body. Developed in recent years, this economic sector is still in its early stages of growth. Fostering a private economy is not a measure of expediency but a long-term principle of the Communist Party in the primary stage of socialism. Hence, it is of important practical significance to have a correct understanding of the nature, status and role of the private economy, as well as of the Party's and government's policies towards it.

Basic Conditions

In the course of restoring and developing individual industrial and commercial businesses since 1979, some individual industrial and commercial households have hired a number of helpers or apprentices. Given this situation, the State Council in 1981 promulgated its Policy Stipulations on Non-Agricultural Indi-

vidual Businesses in Cities and Towns. It provided that when necessary, with the approval of the industrial and commercial administrative department, an individual household could hire one or two helpers, and those using complicated or special techniques could have two to three, or at the most, five apprentices. Accordingly, an individual industrial or commercial household could have, at the most, two helpers and five apprentices. However, because it is hard to differentiate between helpers and apprentices, in practice, the various localities have taken seven as the limit for the number of hired labourers each individual household can employ. With the growth of the socialist commodity economy, some individual households which have expanded their enterprises needed to hire more than seven people. This has led to the emergence of private enterprises in China.

According to initial statistics at the end of 1987, there were 115,000 private businesses across

the country which employed a total of 1.847 million people. In fact, the real figure is even bigger. A considerable number of private enterprises have registered as collective enterprises (chiefly in the name of township enterprises). Now, it is hard to give an accurate figure for businesses of this kind. It is estimated that they number at least 50,000, with a total employment of 800,000 people. In addition, of the 280,000 co-operatively managed businesses throughout the country, 60,000 are really private businesses which employ more than 960,000 people. In all, China currently has more than 225,000 private enterprises with a total workforce of 3.67 million people.

At present, China's private businesses are concentrated in the rural areas—a result of the transfer of a large contingent of surplus labour force to non-agricultural production. According to statistics, 80.74 percent of the private enterprises are located in the rural areas. Their em-

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employees make up 83.45 percent of the total now working in private businesses and their funds comprise 83.6 percent of the total owned by these enterprises.

Private businesses are different from individual businesses with regard to the trades involved. Most of the individual industrial and commercial households are engaged in trade, catering, services and repairing, while the majority of private enterprises are in labour-intensive businesses. In the privately owned businesses, those engaged in industry, handicrafts, transport and communications, and the building industry account for 81.78 percent, their employees 87.07 percent and their funds 83.44 percent.

In general, private enterprises are small, with each employing 16 people on an average. Those which employ fewer than 20 people make up about 70 percent of the total, those hiring more than 100 people, less than 1 percent. Few private businesses employ as many as several hundred, or only occasionally, more than 1,000 people. The funds owned by each private enterprise average around 50,000 yuan. Many have piled up several hundred thousand yuan and a few, more than 1 million yuan.

Currently, China's private economy is hampered by poor conditions and a neglected infrastructure. There is no clear demarcation line between an employer's family property and the enterprise as such, and the capital-labour relationship is not well-defined. All this has created new problems in manage-

ment.

Objective Demand

The private economy exists independently of people's subjective desire; it is based on the objective demand of the development of China's productive forces.

Deng Xiaoping has pointed out, "To build socialism, it is necessary to develop the productive forces, and poverty is not socialism." Currently, China is still in the primary stage of socialism. Generally speaking, the level of its productive forces is quite backward and varies from place to place. A small number of modern industries coexist with a large number of backward industries, some comparatively developed areas coexist with vast underdeveloped and poverty-stricken areas, and a limited number of scientific and technological items of advanced world level coexist with those of ordinary level. The relations of prod-

uction must suit the development of the productive forces. China's current level of productive forces determines that the forms of ownership cannot be unitary. Instead, diversified forms of ownership should be developed on condition that public ownership is dominant. For many years in the past, China ran a product economy instead of a commodity economy. With only a unitary economic sector, it appeared on the surface that ownership was purely socialist. But this seriously restricted the development of productive forces and the socialist commodity economy.

There used to be a sort of idea that socialist socio-economic relations should be as pure as pure can be. In fact, this is erroneous. As early as in 1918, while talking about the transition from capitalism to communism, Lenin pointed out, "But what does the word 'transition' mean? Does it not mean, as applied to an economy, that the present system contains elements, particles, fragments of both capitalism and socialism? Everyone will admit that it does" ("Left-Wing' Childishness and the Petty-Bourgeois Mentality," *Collected Works of Lenin*, Vol. 27). In 1921, Lenin again noted, "One way is to try to prohibit entirely, to put the lock on all development of private, non-state exchange, i.e., trade, i.e., capitalism, which is inevitable with millions of small producers. But such a policy would be foolish and suicidal for the party that tried to apply it. It would be foolish because it is economically

A market fair run by individually owned businesses in Changshu City, Jiangsu Province.



impossible. It would be suicidal because the party that tried to apply it would meet with inevitable disaster" ("The Tax in Kind," *Collected Works of Lenin*, Vol. 32).

In 1956, after the socialist transformation of the private ownership of the means of production was basically completed, Liu Shaoqi raised the question whether socialist countries should go in for socialism exclusively, or whether a bit of capitalism should be retained to help fill in the gaps as socialism developed. Because, he argued, socialism could not as yet completely satisfy the people's demands in life and it was necessary to have individual and private economies as a supplement. Chen Yun also pointed out that a very large part of industry, handicrafts, agriculture, sidelines and commerce should practise decentralized production and management. The phenomenon of unrealistically carrying on centralized production and management based on a one-sided viewpoint should be corrected.

Developing the social productive forces is the central task of all work during the primary stage of socialism. Any form of ownership, as long as it is conducive to the development of productive forces, should be encouraged.

As the people's needs in production and daily life are immense and diversified, it is impossible for the state-owned and collective economies to cover all aspects. Besides, there are many areas unsuited to large-scale production and management which need to be covered by individual and private economies. With the country's productive forces comparatively underdeveloped at present, the state is unable to take care of all undertakings needed by society. Hence, there is the need to make full use



Zhou Gang (centre), owner of a pastry business in Hefei City, Anhui Province, employs more than 100 disabled youth.
LU XUNCHENG

of idle manpower, funds, technology and equipment in society and turn them into productive forces to make up the shortages of the state-owned and collective economies.

Since the Third Plenary Session of the 11th Party Central Committee held at the end of 1978, the Communist Party has adopted the policy of allowing the restoration and development of the individual economy. By the end of 1987, the number of urban and rural individual industrial and commercial households had reached 13.72 million with a total population of 21.58 million people. With the existence and development of the individual economy, the rise and growth of a private economy is unavoidable.

Although China's private economy is still in its early stages, it has already displayed its vitality. Zhao Ziyang said at the 13th National Party Congress in October 1987, "Practice has proved that a certain degree of development of the private sector promotes production, stimulates the market, provides employment and helps in many

ways to meet people's needs. It is thus a necessary and useful supplement to the public sector."

Currently although the number of private businesses has topped 200,000, their output value only accounts for less than 1 percent of the nation's total industrial output value. This indicates that the functions of the private sector have not been completely realized. Take employment for example. Each year there are many labourers applying for jobs in the cities and towns, and a large number of surplus rural labour power which needs to be transferred to the secondary and tertiary industries to relieve pressure on the land, for at present, every ten farmers share only 1 hectare of land. China's private enterprises have already provided jobs for more than 3.6 million people. When their output value rises to 10 percent of the country's total industrial output value, they can provide employment for 36 million people. Here one can see what an important role private businesses play in providing employment and shifting rural surplus labour power to other occu-

pations.

Characteristics

The private economy in China today is an economic sector in which the means of production are privately owned and which involves the hired-labour relationship. It has these features in common with ordinary private economy anywhere. But, under China's present circumstances, it also has its own particular characteristics.

First, China's private economy has developed under special conditions, that is, long after the country's socialist transformation of the private ownership of the means of production was completed and the dominant place of public ownership was confirmed. Also it has developed during the transformation from a product economy of unitary composition into a planned commodity economy of coexisting multiple economic sectors. Its development tallies with objective needs, helps combine funds with technology and labour, and turns them into social productive forces.

Second, because the strong so-

cialist public sector occupies the dominant place in the national economy, the private sector developing in this situation cannot but be related to, as well as influenced and restricted by, the public sector. Its management cannot but be regulated and controlled in scope and scale by state policies. Hence it must be dependent on the socialist public economy and at the same time supplement it.

Third, most of the profits gained by the owners of private businesses from their hired labourers are not used in consumption but in expanding reproduction and have been turned into productive forces to facilitate the development of the socialist commodity economy.

Our understanding of the private economy has gradually deepened and become unified. A few years ago, when private businesses emerged in some places, the central authorities' attitude was one of "wait and see." Early in 1987 after several years of observation and studies, the Party Central Committee issued a document which noted that the private economy should be allowed to exist while the management

should be strengthened in order to enhance its advantages and overcome its disadvantages. Zhao Ziyang's report to the 13th National Party Congress clearly noted that the development of the private sector should be encouraged.

In the past, however, the state's failure to formulate relevant legislation on private businesses impeded their development and management. In April 1988, the First Session of the Seventh NPC adopted an amendment to the Constitution. A stipulation has been added to Article 11 to the effect that the state allows the existence and development of the private sector within the scope prescribed by law; the private sector is a supplement to the socialist public sector; and the state protects the legitimate rights and interests of the private sector and exercises guidance, supervision and management over it. On June 25, 1988, the State Council promulgated the Provisional Provisions on Private Enterprises. It can be predicted that China's private economy will continue to grow and play an increasingly useful role in the development of the socialist commodity economy. □

China Works to Eliminate Illegal Marriages

by Our Staff Reporter Lou Xinyue

China is working to strengthen management of marriage affairs and trying to completely eliminate illegal marriages, according to the Ministry of Civil Affairs' Marriage Management Department, an authoritative organ of the Chinese government.

In recent years, China's management of marriage affairs has been, to some extent, ignored. The Marriage Law promulgated in 1980 has not been properly enforced in some areas.

The Marriage Law stipulates that marriages must be based upon complete willingness of

both parties; no marriage shall be contracted before the man has reached 22 years of age and the woman 20 years of age; marriage registrations must be made in the marriage registration offices before the marriage certificates will be issued, and marriage is not permitted where the couple are

lineal relatives by blood or collateral relatives by blood (up to the second consins).

Some investigations have shown that illegal cohabitation in some areas of China accounts for 20 to 25 percent of all married couples. In some backward areas or remote mountain villages, marriages that violate the law account for 90 percent of the year's total marriages. In recent years, illegal marriages obviously have been increasing.

According to an official from the Civil Affairs Bureau of Shenyang in Liaoning Province in China's northeast, illegal marriages accounted for 5.7 percent of the city's total number of marriages in 1981. But in the same city, which has a population of more than 5.4 million, in 1983 the ratio had increased to 8 percent and in 1986, the number of illegal marriages reached 46 percent.

According to Ma Yingdao, a professor and member of the Experts Commission affiliated with the State Family Planning Commission, in 1973, 19.9 percent of all marriages in China were early marriages (one or both of the couple were under the legal age). However, with efforts by the departments concerned during the

1970s, the ratio dropped to 11.7 percent, and in 1986, it jumped to 21 percent.

Illegal marriages can generally be divided into two categories. The first are those that violate marriage provisions stipulated by the law, such as the above-mentioned early marriages and marriages arranged by the parents of both sides, which are not undertaken on the basis of love between the couple or freely chosen marriage partners. Also included here are marriages related by blood within the range of second consins; child betrothal and bigamy, which are increasing in recent years.

The second category of illegal marriages involves violation of the marriage procedures stipulated by law, such as people living together without obtaining the proper marriage certificate.

Wang Deyi, director of the marriage management department of the Ministry of Civil Affairs, said that most of the current illegal marriages belong to the category of violations of marriage procedures, particularly among those who cohabit without marriage certificates.

Wang, who used to be a teacher at Beijing University, said she thinks that the most important

reason for the situation is that large numbers of Chinese citizens, especially vast numbers of farmers in remote mountain villages and backward areas, know little about the laws and regulations. Some do not know they need to register when they get married and others think that it is only an option. They do not realize it is a violation of law if they begin living together without registering.

Wang suggested that efforts be made to stress the education about and popularization of the Marriage Law in all parts of China.

The government also admitted that local governments in some areas do not pay proper attention to marriage management work and do not offer convenient marriage registration. Some localities have no qualified personnel to register marriages, and in other areas, the late marriage advocated by the government is stressed one-sidedly and young men and women, who have already reached the stipulated marriage age, are not allowed to get married legally. Hence, illegal cohabitation increases. The Ministry of Civil Affairs has therefore asked departments concerned with this problem to pay better attention to marriage management work and to deal with marriage affairs strictly in accordance with the law.

The early marriage phenomenon occurs mainly in the countryside. Such cases are often seen even in rural areas in coastal provinces where the commodity economy is relatively developed. This reporter often met with mothers under the age of 20 in rural areas of Jiangsu and Zhejiang provinces and around the city of Shanghai. In the city of Dongyang, in central Zhejiang Province, 271 couples had married early (including child-marriage), and 695 couples were living together illegally between

Though these three girls have not even reached legal marriage age, they're already carrying their own child while doing business in Wuning County, Shanxi Province.

BAI WEIMING



January 1987 and July 1988.

According to Wu Panquan, director of the Shenyang Civil Affairs Bureau, 11,108 illegally married couples were screened out since the new Marriage Law was promulgated in 1981. Of the total, 10,781 were farmers, accounting for 97.9 percent of the total. The rest were individual pedlars in the city and people who had been subject to reform through labour.

In one county in Guangdong Province, more than 200 cases of bigamy were found during a screening not long ago. Some of the bigamists were farmers who engage in business out of their hometowns and who get rich and find new lovers in other places. Some foreign businessmen come to China and have illicit sexual relations with Chinese married women and even cohabit as husband and wife. Also a few traders appeared to be trafficking in women and children, causing some factual bigamy and child brides.

The increase in illegal marriages in the countryside is a social problem appearing as the old system is overtaken by the new contract responsibility system. Since the reforms, some farmers are finding more free time and their ideas have changed as they leave home for business or to work outside. Some traditional means of restrictions do not work and marriage management work has loosened.

Wang Minghuai, deputy director of the Marriage Management Department,



Caricature: Infant marriage still plagues China.

YANG PINGFAN

Mentally retarded and disabled kids—births from marriage by blood.

MA PING



said that the other reason for illegal marriages is that China's legal system is still in need of improvement. For example, the existing Marriage Law lacks penalties for those who break it.

It is said that regulations concerning punishments for violations of the Marriage Law are expected to be issued and put into effect soon. According to this provision, husbands and wives who violate the law will be fined and will be ordered to live separately. Anyone refusing to obey will face more serious punishment.

Those who deliberately violate the provisions against bigamy (even if one partner is a foreigner or a Chinese living overseas) will be responsible for the crime according to the law and their marriages will be declared invalid. Strict measures will be adopted to resolutely eliminate and crack down on those who traffick in women and children, and traders in human beings will be punished by law.

Shenyang city has achieved some results since beginning work to eliminate illegal marriages in 1985. The city criticized and educated 9,058 couples who conformed to the marriage provisions but did not register their marriages. They were also asked to go through the registration procedure and were given marriage certificates. Economic penalties were handed out to 3,081 couples in which one or both had not reached the legal marriage age at the time of marriage, but had reached it by the time of the screening. They were also asked to register.

As for 2,050 couples who still had not reached the legal marriage age by the time of the screening, they were ordered to live separately and an economic

penalty was imposed. Through these measures, the Marriage Law has been upheld and the masses' respect for the legal system has been strengthened.

Recently word of the Shenyang experiences has been spread throughout the country by the Ministry of Civil Affairs. □

A Village by the Lhasa River (VII)

For the villagers of Xiangga, inflation and shortages are the major problems—compounded by Lhasa's separatist riots. In the seventh report from this village on the outskirts of the Tibetan capital, the authors report their talks with villagers about their everyday worries.

by Our Staff Reporters Zhang Wei and Yang Xiaobing

Throughout our stay in Xiangga, our companions were two Tibetan women cadres, both graduates from the Department of History at Tibet University. They had been born into slave families and grown up in Lhasa. They spoke fluent Chinese, but had never visited the countryside before, and knew little of the ins and outs of Tibetan customs. They agreed, however, that Tibetans treated their guests with tea

made from yak butter. The guests, in turn, would have to drink at least three bowlfuls. To do otherwise would be impolite.

Our first visit took us to see a woman book-keeper. She apologized, through our interpreters, for not being able to treat us with butter tea. Because of short supplies, she could only make us milk tea. Butter tea, thick, creamy and yellow, is made of yak butter, tea and salt. Milk tea,

made of milk, tea and salt, is white. The former, of course, is better than the latter. Even if you can't taste the difference between the teas, if you are offered the butter variety, you know your host holds you in esteem.

Kangna Meiduo, one of our interpreters, said to our host, "My elder sister, you should treat them well. They are distinguished guests from Beijing, far, far away." Our host apologized again. She said butter was rationed, and even with money it was impossible to get any more.

The book-keeper, like all Tibetans, has difficulty buying butter. In Lhasa we saw long queues in front of groceries selling butter and other rationed non-staple foodstuffs. We were told the Tibetan government had purchased large amounts of butter from Beijing and other places for local use. But even so, along with other non-staple foodstuffs, supplies remain short.

Our host complained bitterly about recent

Ciren Wangjie (second, right) interviewed through two Tibetan women interpreters.



price hikes. In 1986, she said, a kilogramme of butter cost eight yuan. It rose to 14 yuan in 1987 and 20 yuan towards the end of last year. The sugar ration was also inadequate: "We have to buy it in the free market at high prices."

"We're glad we bought a tractor in 1987 before the price went up," she continued. "They now cost 25 percent more, and even so they're not always available."

"We no longer let money burn a hole in our pocket. We spend all we can," she said. "We buy and eat. We don't care when fresh vegetables cost 10 yuan a kilogramme in winter. Although our parents try to persuade us, we don't bother saving money—it loses its value too fast."

She was surprised when we told her the People's Bank of China had recently raised interest rates on savings and introduced inflation-proof deposits. After a second's thought, she said, "I feel more assured when my money's in my pocket."

Our talk then turned to the Lhasa riots of 1987. We asked the book-keeper if they had had any impact on Xiangga. She said no one in the village had been involved, and the villagers' response was one of indifference. "In recent years, there have always been troubles. They give us a hard time, and we just want them to end."

A few days before, she added, some slogans had appeared on Lhasa's Bargar Street, warning people who wore their best clothes for Tibetan New Year that they were liable to be attacked. She stopped short and gazed at us for a while. "Some of the slogans," she said, "even demanded Tibetans not to have any

dealings with the Hans. As far as I know, however, most Hans are all right people."

After taking our leave of the book-keeper, we went on to visit another family. Here our host, Ciren Wangjie, not only served us the best butter tea we had ever drunk in Tibet, but also gave us some Tibetan barley wine.

As we were drinking, Ciren said that admittedly the supply of some commodities was inadequate. But he didn't believe the book-keeper had no butter. "She has two cows," he said. "Some things are indeed in short supply and expensive. But some people have simply become penny-pinching."

As a foreman of a construction team, Ciren earns far more than most of his fellow villagers. Outspoken in his opinions, he harbours a deep hatred for Tibetan rioters. "These trouble-makers," he said angrily, "have turned the whole of Tibet into chaos. They proved no match for the Communist Party in 1959. Why will they do any better today? When they pit themselves against the Communist Party, it's like an egg

throwing itself at a rock."

When we told him of the posters on Bargar Street, he sniffed, "Although we hear insects buzzing, we continue to grow crops. To counter them, we'll make our New Year celebrations much better—not just this year, but every year."

Ciren said he longed for peace and stability so he could realize his business ambitions. He plans to expand his construction team and buy some trucks for transportation. His home is a new, well-decorated two-storey house. "In terms of style and materials," he said, "my house can be said to be the best in the village. Although some people moved into new houses several years before me, I got mine through hard work. Take my neighbour, Pingcuo. As he's the village leader, he had the power to get the labour and materials to build his house first. You know, he was the first in our village to move into a new house."

"If I was the village leader," he added, "I would have first arranged new homes for the other villagers, leaving myself un-



Xiangga villagers shopping for their Tibetan New Year celebrations at the mobile shop of the Caigongtang Township Supply and Marketing Co-operative. Photos by YANG XIAOBING

til last. As a cadre, one should be the last to enjoy comfort."

He then said that some local cadres had abused their positions for their own benefit. He told us of one village cadre who had bought a tractor with bank loans repaid by the villagers. Now, wherever he went around Xiangga, people cursed him as "evil-minded" behind his back.

Village leader Pingcuo, now in his 40s, is a strong man. On our first day, we sent him a message asking for an interview. His wife turned down our request, saying her husband had gone to Lhasa to buy some soap in case the price went up again. The next

day, we finally met him. He looked a bit ashamed, and only talked with us for a short while. But he made an appointment for a proper interview the following day. Although we arrived early in the morning, his wife said he had urgent business to attend to in Lhasa. Although we waited until late into the evening, we didn't see him.

Other villagers said Pingcuo was having a hard time. Before the 1980s, when everyone belonged to the local production brigade, leaders didn't work in the fields. But they still got more pay than their fellow villagers. Since the introduction of the contract responsibility system in

1984, the village leaders, like everyone else, had to earn their living with their own hands.

For official work, the leaders get paid from the village funds. Their tasks are mainly sorting out local problems—domestic disputes, quarrels between neighbours, village security, insecticide distribution. But as the pay is poor and the work is time-consuming, there are no incentives for them to work well.

Elections for a new village leader come up soon. All the villagers hope their new leader will be selfless and have the ability to resolve all Xiangga's difficulties and lead the village to affluence. □



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Rapid Development in China's Trust and Investment Business

Nowadays, China's international trust and investment business operates as a new vigorous force in the financial business.

During the past ten years, RMB and foreign currency assets in China's 115 international trust and investment companies have reached US\$35.94 billion yuan with 12.24 billion yuan and US\$6.37 billion, up 898 times that of 1980; a total of US\$5.29 billion in foreign exchange and 10.93 billion yuan have been raised. Our correspondent learned this at the Exhibition on the Ten Years' Achievement of China's Trust and Investment Business held recently in Beijing.

According to statistics of the State Administration of Exchange Control, all international trust and investment companies in the country have completed 563 foreign exchange investment items, worth US\$690 million; 1,288 foreign exchange loan items, worth US\$3.96 billion; 846 items of lease and inter-bank borrowing, worth US\$900 million; and foreign exchange guarantees of US\$780 million. In addition, they have invested US\$72 million in and granted loans of US\$320 million and guarantees of US\$130 million for energy and transportation.

All these companies actively engage in the opening up of the international investment market and have established good credit internationally. For example, five international trust and investment companies enjoy credit rating above AA in Japan. By the end of 1988, these five companies had raised US\$2.27 billion worth of bonds in Tokyo, Hong Kong, Singapore, Frankfurt and London with long-term limits and at low interest.

Currently these trust and investment companies have business relations with 200 international banks, financial companies and debenture or share companies in over 40 countries and regions and have signed business co-operative agreements with more than 80 foreign banks.

The exhibition was sponsored by the Wide World International Advertising & Exposition Co. Ltd. General Manager of this Company, Liang Huaen, said that the international trust and investment companies mentioned were not subsidiaries of China International Trust and Investment Corp. (CITIC). They were independent businesses and the exhibition had received support from the State Administration of Exchange Control.

by Han Baocheng

Principles for Foreign Trade

In a series of press briefings held recently, officials from the Ministry of Foreign Economic Relations and Trade outlined some of the principal features of China's foreign trade policy.

■ While conducting its programme of improving the economic environment and rectifying the economic order, China will continue to strengthen its investment environment in order to attract foreign capital. In other words, the open policy will continue.

Although the country is cutting back on capital construction, this should not affect foreign-funded projects. China provides legal protection for foreign-funded enterprises. All contracts that have been signed

already will be conscientiously carried out. If any partner in a foreign-funded project or venture fails to keep up with investment payments, the matter shall be dealt with in accordance with the appropriate rules and regulations. China will strive to protect the image and prestige of its opening to the world.

■ China will continue to readjust the mix of its export products and give an over-all, balanced arrangement to export and domestic use. With its large population and domestic market, China cannot become one of the world's leading exporters. Commodities that are in short supply or needs to be imported in large quantity will no longer be exported. Commodities vital to the national economy and the people's livelihood will be exported in a planned way.

Because labour is readily available in China, one of the guiding principles of trade policy in the future is to increase exports of finished products. This will involve developing internationally competitive industries and products while opening up new markets overseas.

■ As China's foreign currency reserves are limited, imports have to be regulated. Priority has to be given to materials essential for ensuring the livelihood of the people such as agriculture and major production projects. All other imports should be controlled according to China's ability to afford them. In particular, limits will be placed on imports of high-grade consumer goods and processing equipment that results in domestic overproduction of certain products.

Overall, the development of Chinese industry and agriculture will result in both imports and exports expanding—there is no question of a reduction. The issue at present is which goods to buy with China's limited foreign exchange resources. To control

imports by raising customs duties for some goods will not affect the over-all scope of imports and the general level of tariffs.

■ China will not readjust the exchange rate of Renminbi and abandon the Foreign Exchange Certificate in the near future. Since July 1986, China's exchange rate has been fixed at 3.7 yuan to one US dollar. Last year, foreign exchange centres with floating exchange rates where companies could exchange surplus foreign currency for Renminbi were opened in several provinces and autonomous regions.

The exchange rate in these centres floated according to the amount of currency available, etc., and stood at around 6.5 yuan to one US dollar in the last few months of 1988.

Many people both in China and abroad hold different views on what the proper exchange rate should be, but China's policy in this area will be guided by prudence.

■ The mainland's relations with Taiwan have expanded rapidly in recent years, despite the obstructive policy of the Taiwan authorities. For many years, people on both sides of the straits have wanted to develop direct trade in order to help supply each other's needs, promote mutual understanding and move towards the peaceful reunification of China.

Since the Taiwan authorities began to allow people to visit their relatives on the mainland, voices calling for direct trade and investment have grown increasingly louder. Since 1979, when China proposed the opening of postal, air and trade relations, indirect trade between Taiwan and the mainland has developed fast, despite all the difficulties involved.

■ The relaxation in relations among the Soviet Union, China and the United States should

provide a peaceful international environment helpful for China to develop its foreign trade.

China's open policy is geared towards the world—it therefore embraces not only the West and the third world but also the socialist countries. Negotiations aimed at normalizing relations between China and the Soviet Union have made progress. The two sides have expressed their desire to expand trade and economic co-operation, which promises to offer benefits to both countries.

■ At present, regional economic groupings seem to offer outstanding advantages to their members. China hopes that such groupings will help promote wider economic exchanges between the countries of the world, and that they will not prove to be a negative feature of the global economy.

Because of its open policy, China is looking to develop trade ties with countries in all parts of the world. As China is an Asian nation, it will naturally develop many ties with its immediate neighbours, but it will not allow this to affect its relations with other parts of the world.

■ Although China has no official political or trade relations with South Korea, it is reported that South Korea is keen to develop stronger economic ties.

Already some South Korean companies have asked for direct negotiations with Chinese foreign trade companies, and it is well-known that China's reform programme has put a lot of decision-making power into the hands of export-oriented enterprises. These enterprises now have the right to select their own co-operative partners according to the needs of their business.

■ Since China and Indonesia signed a memorandum on mutual understanding on July 5, 1985, bilateral trade between the two countries has developed rap-

idly. In the first 11 months of 1988, for example, China exported US\$211 million to Indonesia, while buying imports costing US\$625 million.

Because Indonesia has been running a trade surplus with China for several years, China hopes Indonesia will quickly step up its imports of Chinese goods, solve the problem of commodity inspection as soon as possible and make it convenient for China to send its Chinese organizations and groups to Indonesia to try and promote the development of more balanced trade.

It will be advantageous both economically and in terms of mutual understanding if the two countries could restore direct trade. China sees no difficulties in re-establishing diplomatic ties, and it is prepared to wait for any difficulties on the Indonesian side to be overcome.

by Li Ning

Technology Export And Import Slow Down

At the Guangzhou Spring Import and Export Commodities Fair this year, the technology market, a new item added only last year, is a special attraction.

In 1988, there were 148 contracts checked and approved by state, provincial and municipal administrative departments on the technological exports worth US\$280 million (including about US\$100 million of technical products). The 437 contracts on imports of technology and equipment signed last year were worth US\$3.55 billion.

The technology exports include: launching satellites with *Long March-3* carrier rockets for the United States and Australia; integrated error measuring technology on bevel gears to the Fed-

eral Republic of Germany; computer facsimile telecommunication software, ENT series of technology of engineering materials and physical technology on accelerating the ripening of wine to Hong Kong; and catalyzer technology to the United States.

The import of technology includes: complete sets of equipment for seamless steel tube factories from the Federal Republic of Germany; call for tender for the Beijing subway third-period project; synthetic fatty alcohol scouring agent technology from Spain; and sewage disposal technology and equipment for the east suburb of Tianjin from France.

Deputy Director of the General Manager Office of the Technology Export and Import Corporation of China, Chen Junmin, said that the foreign exchange spent last year for technology and equipment imports came mostly from government loans. This year, according to estimations, the scale of technology imports will not be lower than that of last year. However, great increases will not be expected owing to the shortage of foreign exchange and the weak capacity in the repayment of loans.

In terms of technology exports, it is forecast that no big breakthrough will be made in the next several years, mainly because foreigners know little about China's level of technology and export resources. The information and sales channels do not yet operate smoothly. Lots of work remain to be done in the opening up of markets. In addition, the long cycle and big risks in technology exports as well as the small profit margin in the export of software also have blunted the enthusiasm of many enterprise. Now the state is drawing up policies, statutes and regulations to encourage the technology export, according to a spokesman from the Ministry of Foreign Economic

Relations and Trade responsible for technology exports.

This official said that China had great potential in technology and technical products resources, and in the long run, the proportion of technology exports in total foreign trade was bound to grow larger.

by Han Baocheng

China-Latin America Trade Develops Rapidly

Trade value between China and Latin America in 1988 totalled a record US\$2.13 billion—an increase of 39.47 percent over 1987, according to China's Ministry of Foreign Economic Relations and Trade.

The ministry official in charge of Latin American affairs said that trade between China and Latin American countries developed rapidly in 1988. China imported from these countries many badly needed raw materials including sugar, iron sand, fish powder, wool, steel products, pig iron, polyethylene, polypropylene, paper pulp, chemical fertilizers, timber and wheat. Their value was US\$1.717 billion, an increase of 72.2 percent over 1987.

With a shortage of marketable commodities, China could not meet the needs of Latin American countries and lost many opportunities to do business with them. For example, Mexico needed a great deal of maize, cotton seed, beans and rice while China could only provide 20,000 tons of cotton seed. In addition, China's exports of crude oil to Brazil declined sharply. Therefore, China exported to Latin American countries only US\$396 million worth of goods, a drop of 23.5 percent from 1987.

Speaking on the trade relations between the two sides, the official

said that the main problem is that China has a great deficit. At the moment, the problem is hard to settle. To ensure stable development of trade, both sides should try to reduce deficits as fully as possible. However, China is actively opening up new channels for the expansion of its exports. For instance, in 1988 China sold two ocean freighters to Chile, three to Cuba and four fishing vessels to Argentina. In future, China will try to increase its exports of ships, hydro-electricity equipment, machine tools, agricultural machinery and hand tools.

He also said there is for China a vast prospect of trade with Latin American countries and a great potential to tap. The important problem was that the two sides should strengthen their understanding of each other. Referring to economic co-operation between the two, he said that China was taking an active part in construction projects and labour co-operation, and the establishment of wholly China-owned enterprises and joint ventures. For example, the China Harbour Engineering Company is successfully dredging harbours in Colombia and Mexico to improve their profitability. The China Aquatic Products Corp. has established the China-Argentina Fishery Co. Ltd. with an Argentine company. The China International Trust and Investment Corp. has signed an agreement with another firm to establish a catalytic cracking factory in Argentina. Preparations for this are under way.

To date, there have been 17 economic and co-operative projects between the two sides, involving investments of US\$36 million, of which the Chinese side has contributed US\$22 million. At present, more than 100 projects are being negotiated and substantial progress has been made in 25 of them.

by Li Ping

University Students Do Business

XIN GUAN CHA
(News Observer)

With the waves of the commodity economy breaking the tranquillity of the campuses, many university students and postgraduates have walked out classrooms to accept the test of the commodity economy. The craze for doing business that has led to study-weariness is spreading throughout the nation's campuses.

At one Beijing university, various kinds of beautiful commercial advertisements and billboards plaster the notice boards. Students have set up stalls, crying out for customers in front of the canteen gate to buy their goods. While on the campus business street, many students work as peddlars and cafe bosses.

A student from Yunnan has tens of thousands of yuan in profits from reselling cigarettes. There is a part-time worker in the office of a local company in Beijing, also a student at a nearby engineering college who has made hundreds of thousands of yuan.

The great changes that have taken place in the traditional sense of values have led to this trend. In the face of difficult job assignments, the depreciation of knowledge and the irrational distribution system under which manual workers receive higher wages than mental labourers, a number of students tried to plug their abilities into the business world.

An engineering student, after making money from selling New Year cards, asked to leave school. The school authorities repeatedly urged him to stay, letting him transfer to more rewarding work at a research institute. Two months later, however, he handed in his resignation and set up a stall at his old school.

A university student said his purpose of managing a cafe was to gain money to support himself and to show that university students could be self-sufficient people.

The concept of "black road" and "yellow road" is common terminology amongst university postgraduates. Black is the colour of a doctorate's cap and stands for following the road of engaging in teaching and research. Yellow, in contrast, is synonymous with gold and wealth, meaning those who leave school to do business.

The "black road" has lost its original glister. One survey this year revealed that the number of university students applying for graduate studies in Beijing was fewer than the available seats.

University graduates increasingly dislike going onto grad-schools or to research institutes for further training. While a considerable proportion of postgraduates discontinuing their schooling, the "yellow road" has become the fashionable alternative.

Beijing's Hilton Hotel, for example, was surprised when many postgraduates and university teachers entered their names for an examination after it advertised for a managerial job opening.

Some postgraduates have opted for attempting to combine the "black" with the "yellow" by choosing to study abroad.

Doctors trained abroad are more trusted than Chinese educated ones. An evidence of this is that China's first veterinary doctor set up a cigarette stand against his own will.

Postgraduates doing business or going abroad are not necessarily chasing the dollar. A graduate student following the "yellow road" said, "In fact I do want to engage in scholarship, but I have to abandon my ideal in the

face of harsh reality."

Teachers have also become involved in the commodity economy when they have started their own companies.

In one case, a university teacher began to traffic in shrimps. At another school, 54 out of the 56 young teachers in an engineering college requested transfers to other posts. Behind the exodus to business is money. Monthly wages of a young university teacher averages 80-90 yuan, while a young hotel service worker receives at least 200 yuan a month.

With the educational structural reform, universities and colleges have begun to conduct compensating services. Teachers and students of the history department have requested transfers from the humanities to the commodity area. An archaeology student got a large chunk of funds from determining the authenticity of ancient relics for dealers. But, the drive for quick money prompts us to ask: did he actually do tests for authenticity or was he taking part in some sort of illegal trade in cultural relics?

University students and postgraduates, once called "God's favoured ones," have now become branded with misfortune. In the development of the commodity economy, difficulties in seeking jobs have brought much concern to scholars over their futures.

By learning to do business, scholars have not only profited themselves but have also strengthened their consciousness of the commodity economy and their ability to be self-reliant.

But, scholars in pursuit of money have also neglected their studies. Some of them have left school in tears after failing their examinations.

Whether university students should do business or not is a matter that we should give much thought to.

(No. 2, 1989)

Radical Anti-Tradition Sentiments

RENMIN RIBAO
(People's Daily)

The relevance to the May 4th Movement that spawned radical sentiments against tradition is now open to question.

Experiences of advanced countries such as Britain, the United States, Japan, Canada and Switzerland have shown that lasting, continuous and stable development in their economic, political and cultural spheres is prerequisite for their modernization. But, the modernization process of countries whose economic and political development lacks continuity or is fraught with upheavals follows a very painful and tortuous course.

Formerly, it was said that only through reliance on a violent revolution could the productive forces be liberated. Historical facts have challenged this.

World developments over the past two centuries have shown that the frequency of social upheavals and the level of radicalization are inversely proportional to the progress of modernization. There seems to be a historical law here.

China's development since the 19th century has been marked by tremendous social disorders and upheavals. Radicalism and eagerness for quick success, which are prompted largely by a sense of national inferiority, have haunted the nation. As a result, the public's psyche and political system have always been unstable, the economy has enjoyed no steady and continuous development, and cultural achievements have been hard to accumulate. Talents and material wealth have been consumed for nothing and despite seemingly radical social change and rapid

economic growth, real social progress has been very slow.

The present tasks to carry forward the spirit of the May 4th Movement should first involve a review of history by overcoming ideological and political radicalism and linking up the shattered traditional Chinese culture so as to develop a new one.

(March 24, 1989)

Books Young Teachers Like to Read

SHU XUN BAO
(Book News)

Young teachers in China take a great interest in the following books.

1. Books relating to the humanities, especially history and biographies. Such books reconstruct historical events, vividly depicting the character of figures which are popular with young teachers. Young teachers have called such books the "atom bombs" of books.

2. Books that relate to self-improving and psychological regulations are also popular. Intellectuals often stress that self-improvement leads to self-accomplishment, and are behaving themselves as scholars. Young teachers show great interest in such books. According to incomplete statistics, the proportion of such books amounted to around 25 percent of most young teachers' book collections.

3. Foreign-language books. To study abroad is a

popular topic of conversation among young teachers. A large number of young teachers are preparing secretly for going abroad, causing a craze for learning English and Japanese in some schools. For instance, *A New English-Chinese Dictionary* has become a must for most families.

4. Art Books. Many young teachers love art since they believe that art appreciation can help them acquire the ability to see the beauty of the world.

5. Books relate to life knowledge. There is a need to know something about human relations and family life because a large number of young teachers are unmarried. Various kinds of such books have been published for young people to choose from.

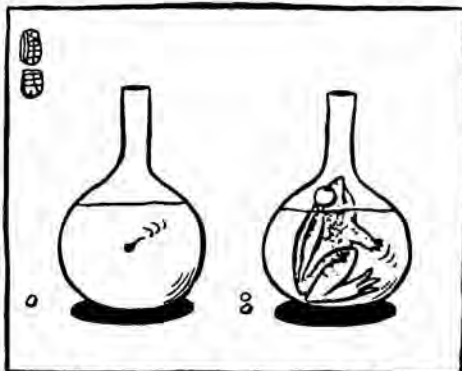
What turns off young teachers are the following books:

1. Professional books. They have considered such books contain outmoded and dull notions.

2. Pompous or chivalrous novels. Teachers said they had neither the time nor interest in them. Very few people like to read political books and political study materials.

Teachers, despite having low incomes, have developed a hobby of buying books, every young teacher spends around 10 yuan a month on books.

(February 6, 1989)



Everybody can have their own thoughts.
by Jing Feng and Lu Shimin

Bird Protection Week in Beijing

Beijing since 1982 has recognized the first week of every April as the city's bird protection week. Every year by that time, government institutions and civil bird lovers' association start a number of bird-support functions. Apart from persuading people to love birds and providing pro-bird propaganda through the mass media, they also take some positive steps like placing artificial nests around the city. During the bird protection week this year, more than 400 artificial nests were also put up in the areas throughout the western hills.

According to Wang Zengnian, secretary of the city's bird-lovers' association, more than 4,000 artificial nests have been set since 1982, which have enjoyed a 64 percent of occupancy rate.

Bird welfare has also resulted in a sharp decrease in the area's injurious insects. For example, the injurious insects at the Beijing Botanical Garden have dropped 89 percent even with a 85 percent cutback in the use of insecticides.

As China has come to see bird protection as an important ecological and environmental issue, benefits have been reaped.

In Rizhao County, Shandong Province, more than 3,000 broods of grey magpies were raised and released through artificial feeding. As a result, the number of injurious insects in the county's 2,600 hectare pine forest has dropped by 91 percent while insecticides are no longer used.

The bird protection week

activities have also exerted a great influence on the public. Today bird killing is a rare scene, especially in urban areas.

This new love of birds has sparked a warm reaction from our feathered friends who once avoided the perils of man's world. Since 1985, nearly one thousand wild geese began to winter in Beijing's Yuyuantan Park. Wild swans came from distant areas to swim in the western suburb's lakes. In Miyun County, the black stork, under the world's highest level of protection, have been discovered.

Liu Dewang of China's Wildlife Protection Association said that since the start of bird protection, China has established more than 100 bird sanctuaries in Xianghai in Jilin Province, Yancheng in Jiangsu Province, the

Boyang Lake in Jiangxi Province, Zhalong in Heilongjiang Province and Rongcheng in Shandong Province where more than 120 species of birds live including cranes, storks, swans and mandarin ducks.

However, only one bird protection week a year can not stop those who make large profits from bird trapping. Hundreds of thousand of birds are annually brought to the bird markets in Beijing by bird traders from Inner Mongolia, Hunan, Guizhou and Jiangxi. It is estimated that for every caged bird, there are four that have died.

Although city people no longer hunt birds, keeping caged birds is fashionable and has created large markets for bird hunters and traders.

The birds markets in Beijing also do quite a prosperous business. A pair of birds can be sold for as high as 900 yuan, which equals half a year's salary for an ordinary employee.

The bird market in Guanyuan, the largest of its kind in Beijing, have ten thousand visitors each day. Almost 15 percent of the birds on sale are species under state protection and 35 percent are birds beneficial to the environment.

Another serious problem is the government's inability to control the production of hunting guns. Every year about ten thousand shotguns are sold and this boosts even higher the bird slaughter.

"But things are getting better," insists Liu Dewang. "From March 1, China's first wildlife protection law began to take effect. This will protect birds and punish violators. The law enables us to mobilize the whole society to act against bird killers."

by Han Guojian

Dong Decai, an old Anhui farmer, returns baby birds to their nests. They were blown to the ground by a strong typhoon.

ZHANG YINZENG



Women's Bitter Plight Staged

A large blood-coloured robe that drapes half the stage confronts the audience as imperial concubine Yang Yuhuan ascends the execution platform....

Yang Yuhuan, says the subtle ballet's message, is perceived as demonic spirits. In good times she is simply a plaything, but after conditions erode she is left holding the responsibility for everything.

It is the success of getting this message across that *Imperial Concubine Yang* is now being described as the best ballet that China has produced since the "cultural revolution" decapitated the arts.

Imperial Concubine Yang bases itself on the real story of Yang Yuhuan who had the mixed fortune of being the most favoured concubine of Emperor Xuan Zong of the Tang Dynasty (618-907).

Yang enjoyed an extravagant and honourable life during her early years. However, as the declining dynasty was enveloped in rebellion, she was brought to bear the blame for the dynasty's decline.

In the opening scene the young girl, the later heroine, with all her tenderness and goodness reflected in her physical beauty is displayed to us while she is taking a bath.

We delight with her as she is selected to be a royal concubine for the hero-emperor, and they

share a passionate love.

Then the second act presents us with a very different picture of Yang. The concubine's inner world is in crisis as the dynasty approaches its destruction.

Within the court, the emperor



XU XIANGJUN

continues to indulge in merry-making with the palace girls and concubines, while Yang, like a discarded luggage, is left deserted and lonely.

To console her tortured heart she takes to drink as clouds darken over the Tang age.

In the third act the crisis climaxes. After rebel troops force their way into the capital of Changan the palace soldiers pass the blame for their incompetence onto the concubine and force the emperor to have her hanged.

The ballet drama also takes a few bold steps in combining traditional and western ballet. Each of the settings for the three acts has simple well defined features.

In act one there is only a thin gauze curtain for the stage set.

With the lower half lit crystal-line blue for the merry spring waters of her youth, the colour fades into pink at the upper half of the curtain, representing the tender, yet tragic end to her feminine world.

The entire stage set for act two consists of a pillar and half-exposed beam that indicates the court.

Flooded with red and golden light, an atmosphere of splendour and royalty prevails.

The third act brings us a stage dominated with white, the Chinese colour for death, that is complimented with the blood-coloured robe of the tragic heroine.

The music, by Dong Kui and Huang Duo, both post-graduates of the Central Conservatory of Music, carry refined scores that stand out from most other opera music.

Jiang Weihao, one of the choreographers, is a common name to many American Chinese ballet lovers. Two years ago, he was invited to the United States to lecture at the Jefferson Dance Department where he directed his students to play *The Death of Concubine* which won him high praise from the Americans.

The Central Ballet Troupe has a long history of presenting traditional Chinese stories in the form of ballet.

Since 1976, apart from this ballet, they have also performed many other ballets with national subject such as *The New Year Sacrifice*, *Lin Daiyu* and *Blue Flower*.

by Feng Jing

Italian Tree Saplings Planted in Shandong

Eight major projects involving scientists from both Italy and China promises to bear fruit—in a big way.

One project that will introduce fruit trees from Italy to Shandong Province's Linqu County will increase the area's fruit production by 20-30 percent if these cherry, apricot, plum and peach trees can adapt.

Last month 2,650 special trees were accepted by Zhou Guangzhao, head of the Chinese Academy of Sciences, from the Italian World Laboratory.

The nursery stock is being planted by the academy's scientists with hopes that it will supplement the local trees that have

been weakened through years of fruit bearing.

One big advantage of Linqu County is its similarity to Italy's natural environment, says a report.

"Food is one of China's big problems. China's food supply should increase with the population growth," says Zhou. "Therefore, the World Laboratory's food improvement plan is of special significance to China."

This food improvement project also includes attempts to lengthen the life-span of fresh fruit while introducing to the producer various concepts of harvest and market planning.

This plan is only one of eight

co-operative projects the Italian and Chinese scientists are working on that aims to help the Chinese achieve a better life.

Scientists are also joining forces in mapping out better ways to forecast the *Huanghe* (Yellow) River's flood season.

Other Sino-Italian projects include the development of high-energy physics and better ways to use energy.

Since the Italian World Laboratory was started in 1986, ties between the Chinese and Italian scientists have greatly improved while the laboratory has served the cause of world peace and development.

by Wei Liming

From Venice to the Great Wall

The Great Wall, built to keep out invaders to central China, is now being reconstructed with the help of funds donated from abroad.

Since 1984, 12 million yuan and US\$1.2 million donated by Chinese at home and abroad as well as by foreigners have helped to bring miles of the old wall back to life while renovating over a dozen key beacon towers.

Taking the cue from this success, the Safeguarding Venice and the Great Wall Committee was founded last year to help bring interest, protection and restoration to both the Great Wall and Marco Polo's hometown of Venice.

The 1989 ceremony is bringing almost 300 world celebrities in-

cluding vocalist Peter Hofmann and painter Arman to this history-making and saving attraction.

The Second International Event for Saving Venice and the Great Wall will be held in Beijing from May 4-8 with a programme that includes a grand evening banquet held in the Hall of Ancestors in the Cultural Palace of the Workers, a gala celebration on the Kunming Lake in the Summer Palace, and a joint performance by well-known Chinese and foreign artists in Beijing's Great Hall of the People.

There will also be an art display and auction sale that includes South Korean works at the Museum of Chinese Revolu-

tionary History.

You can even watch the smoke of wolves' dung burn as you tour along the renovated Mutianyu section of the Great Wall.

That's no joke, burning wolf's dung was the red alert signal in ancient times along the wall used to signal the coming of invaders.

Last year's Venice-Great Wall event, with the help of workers ranging from archaeologists to singers, pulled in 2 million French francs, half of which went into rebuilding 250-metre section (at Mutianyu) of the Great Wall along with two vital watch signal towers.

The other 1 million francs went into renovating Venice's St. Paul's Church.

by Han Baocheng

Sculptures by Li Xiangsheng

Li Xiangsheng, born in Wuchang, Hubei Province in 1938, now works at the Henan Provincial Sculpture Art Studio. Li's long research into ceramic art has allowed her to create many new painted pottery sculptures.



The artist and her new work Wine-Brewing Woman.



Dr. Norman Bethune and an Eighth Route Army Fighter (painted pottery sculpture).

ART PAGE



A Trade Caravan Travelling the Ancient Silk Road (painted pottery sculpture).



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