

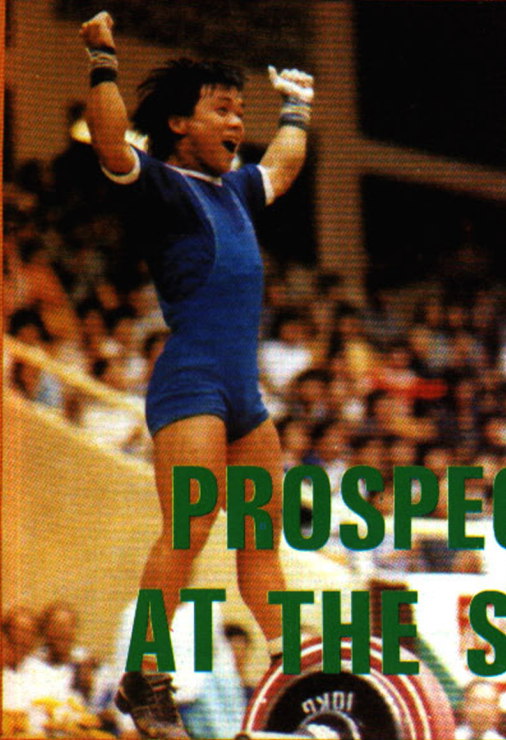
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Regulations to Encourage Investment in Hainan



PROSPECTS FOR CHINA
AT THE SEOUL OLYMPICS



Morning on the beach.

by Sun Yi

VOL. 31 NO. 35 AUG. 29-SEPT. 4, 1988

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How Will China Fare at the Seoul Olympics?

■ Chinese athletes did well at the 1984 Los Angeles Olympics. Now many Chinese are asking whether their success can be repeated in Seoul. China's strengths lie in table tennis, shooting, gymnastics, weightlifting, diving, women's volleyball and swimming. The Chinese teams, if they perform well, could win around 15 gold medals and come fifth or sixth overall. If not, they should come eighth or ninth (p. 15). Sports Minister Li Menghua answers questions about China's participation in the Seoul Olympics and the prospects for its athletes (p. 14).

Improving the Investment Environment

■ In the first half of this year, 2,126 foreign-funded enterprises were set up in China with government approval, 170.5 percent up on the same period last year. This can largely be attributed to improvements in China's investment environment. To make China even more attractive to overseas investment, efforts are being made to further delegate powers of approval to the lower levels, raise work efficiency, ensure independence for enterprises and perfect economic legislation (p. 4).

Meeting Approves Wage, Price Plan

■ The 10th meeting of the Political Bureau of the CPC Central Committee passed in principle a tentative plan for price and wage reforms. The general orientation of the price reform is to change the pricing system so that the state can regulate the market and the market guides enterprises. The overall objective of the wage reform is to improve people's living standard by regulating and raising wages, while providing subsidies as required (p. 5).

Interview with Bangladesh Foreign Minister

■ Humayun Rasheed Choudhury, foreign minister of Bangladesh, answered *Beijing Review's* questions about world affairs during his China visit August 20-27. He described the international situation as "one of disquieting uncertainty," while noting that welcome signs of progress on a number of issues have recently appeared (p. 18).

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Improving the Investment Environment

by Yao JIanguo

According to the State Statistical Bureau, in the first half of 1988, 2,126 foreign-funded enterprises were set up in China with government approval. This is 170.5 percent up on the corresponding period of 1987, and almost equals the figure for the whole of last year. Contract value is up 136 percent at US\$2.086 billion. Investment has risen by 47.9 percent to US\$989 million. Altogether, there were 12,178 foreign-funded enterprises in China by the end of June. Much of this increase can be attributed to improvements in China's investment environment.

Now, many of the things foreign businessmen used to complain about, such as the swathes of bureaucratic red tape and inefficient working practices, have been reformed. The way has been opened up for socialist modernization fuelled by advanced technology and foreign funds.

Problems remain to be tackled, so early this year the State Council convened two conferences: one on foreign investment work, the other on opening up the coastal regions. At both, calls were made for further improvements in the investment environment so that overseas businesses can operate according to international practices. To this end, efforts are being made in the following areas:

— **Delegating Powers of Approval to Lower Levels.** The State Council decided last March to extend the coastal open economic zones from 148 counties and cities to 288. This increased their area to 320,000 square kilometres, and their population to 160 million. Shortly after, the powers to examine and approve foreign-

invested businesses were delegated downwards. Now, the authorities of coastal provinces can approve foreign-funded projects involving up to US\$30 million. Previously they were limited to US\$10 million. Before, exclusively foreign-owned businesses came under the jurisdiction of the Ministry of Foreign Economic Relations and Trade. They now are the responsibility of the provinces, municipalities and autonomous regions.

The ceiling for inland provinces, ministries, commissions and bureaus directly under the State Council has risen from US\$5 million to US\$10 million. So it is only projects involving a huge investment which could affect the national economy that have to get central government approval.

— **Simplifying Bureaucratic Procedures and Raising Work Efficiency.** In the first six months of 1988, foreign work committees headed by leading officials were set up in the seven major cities of the coastal open economic zones. Simultaneously, offices were opened to handle approval for foreign-funded projects. As a result, the time spent examining potential projects has been slashed.

No longer do foreign businessmen have to go from one department to another in pursuit of official stamps. A small and medium-sized venture can be passed within 5-10 days, and major ones within a month. This practice will be introduced in other provinces and cities during the second half of 1988.

— **Enterprises' Decision-Making Power.** The Provisions on Encouraging Foreign Investment issued by the State Council in October 1986 have greatly in-

creased enterprises' decision-making power. For example, within the framework of its approved contract, an enterprise can determine its own production plan, purchase capital goods, sell products and recruit and organize its staff.

To ensure implementation of the provisions, the State Council has again issued a special circular this year. It calls on provinces and municipalities to check up on the 4,000 foreign-funded businesses already in operation, to guarantee their powers of self-management, and to help them solve any problems of production or management. With this work accomplished, there are now few problems in these areas or concerning shortages of energy or materials and indiscriminate charges. Because of this, enterprises already in operation have begun to achieve relatively good economic results.

Other policies encouraging flexible management have been introduced this year. Foreign businessmen can independently manage Sino-foreign joint ventures. They can also contract or rent domestic enterprises and invest in upgrading old enterprises. All these enterprises enjoy the same preferential treatment as foreign-funded firms.

— **Foreign Exchange Balance.** Last year, China did a great deal to help foreign-funded enterprises balance their foreign exchange accounts. The expansion of exports has been encouraged. Substitutes for imported products can be sold on the domestic market for foreign exchange. Firms with temporary financial difficulties can buy products in China and then export them within a fixed period of time.

Meeting Approves Wage, Price Plan

Additionally, foreign currency exchange markets have been set up in some provinces and municipalities. In these markets, foreign-funded enterprises can exchange surplus foreign currency for Renminbi among themselves.

This year, China has plans to set up a national currency exchange centre in Beijing and foreign exchange markets in various provinces and municipalities. These will expand the range of foreign currency exchange and so should help foreign-funded enterprises to balance their foreign exchange accounts.

— Economic Legislation.

Since China implemented its open policy, over 2,000 economic laws and regulations have been adopted. These have helped to ensure that production and management operate smoothly in foreign-funded enterprises.

At the First Session of the Seventh National People's Congress held last April, China adopted the "Sino-Foreign Co-operative Enterprise Law." It is reported that the detailed rules for the implementation of this law and the detailed rules for the implementation of the exclusively foreign-owned enterprises law are now in the making.

China's investment environment still remains less attractive than that of other countries which have successfully introduced open policies. Partly, this is because China's opening up started comparatively recently and the country is in the process of replacing an outmoded economic system with a new one. Also, the quality of its managerial personnel is poor. As a result, some undesirable phenomena may creep into the investment environment. But nonetheless, it can be said with certainty that with China's continuing reforms and the open policy, the investment environment as a whole can only improve.

A tentative plan for price and wage reforms was passed in principle at the 10th meeting of the Political Bureau of the CPC Central Committee.

The meeting, held at the seaside resort of Beidaihe August 15-17, was presided over by General Secretary Zhao Ziyang. It discussed the need to carry out price and wage reforms; the major principles that must guide the reforms; an outline of reform plans for the 1989-93 period; tentative plans for 1989; major risks that might be encountered in the course of reform, basic policies for dealing with them and support measures that must be taken.

Participants in the meeting agreed that the general orientation of the price reform is one of letting the state continue to control the prices of a few important commodities and labour while allowing prices for the majority of the commodities to be regulated by the market.

The goal is to change the pricing system so that it will gradually become possible for the state to regulate the market and market to guide enterprises.

Proceeding from current conditions and practical possibilities, the price reform aims over the next five years to begin correcting price irrationalities which seriously hamper economic development and the growth of market.

The overall objective of the wage reform is to ensure that the living standards of most wage earners do not drop in the course of the price reform and even improve somewhat along with the development of production. This is to be accomplished by regulating and raising wages while providing additional subsidies as required.

At the same time, further efforts will be made to implement the principle "to each according to his work" and to resolve the worst problems in the distribution of wages.

The meeting noted that price and wage reforms are key to the entire economic restructuring, and their success hinges on the extension of the restructuring. The priority is to change the way enterprises operate, strengthen the organization and expansion of markets, and improve overall economic control by the state in order to markedly raise the economic efficiency of enterprises and the operational efficiency of the economy as a whole.

To smooth the price and wage reforms, it is necessary to effectively carry out the reform of the political system, particularly the separation of government administration from enterprise management and the streamlining of the administrative structure.

In a word, the price and wage reforms mean an all-round extension of China's reforms. Meeting participants called attention to the significance of these reforms to the effort to establish a new, socialist economic order in China and accelerate the country's socialist modernization.

Besides discussing the reform plan itself, the meeting discussed problems that might arise in implementing the plan and policies and measures required to deal with them.

Tasks for 1989. But the participants stressed that China's economy is currently full of vitality and the time is right for the price and wage reforms.

They said that next year's reforms will be vital, and outlined the following tasks for 1989:

— Accelerating reforms within enterprises to raise their economic performance. Enterprises must perfect the contract responsibility system so that they can diversify their management methods while assuming sole responsibility for their profits and losses, and in this regard no indiscriminate administrative interference will be allowed. This is the key to the success or failure of the reforms.

— Adopting effective, comprehensive measures to bring inflation under control, especially by reducing the scope of capital construction to cut the demand for rolled steel and other means of production.

— Reducing the purchasing power of social groups while taking tough measures to counter extravagance and waste.

— Reorganizing corporations that blend administrative functions with business operations; prosecuting embezzlers, bribe-takers and people seeking exorbitant profits through unlawful means; and striving to end monopolization, local protectionism and hoarding and speculation.

— Organizing consultations and dialogue to enable the people to better understand and support the reform.

The meeting called on Party organizations at all levels to work more energetically. Party members were urged to carry forward the Party's tradition of sharing the lot of the people in order to unite with them and lead them in the reforms.

The meeting decided to call a working conference of the Party Central Committee in addition to the Third Plenary Session of the 13th Party Central Committee in September to examine and discuss the plan for price and wage reforms.

Before that, opinions and suggestions will be collected from experts and non-Party people. ■

Zhao on Reform, International Issues

Chinese leader Zhao Ziyang said on August 16 that the next five years will be an extremely important historical period in which the old economic structure of China will be transformed into a new one.

"China's comprehensive reform has entered a period of tackling the most difficult problems," Zhao, general secretary of the Chinese Communist Party Central Committee, told Shinji Sakai, president of Japan's Kyodo News service. The meeting took place in Beidaihe, a summer resort by the Bohai Sea.

Zhao said that some foreign press organizations have speculated that at a recent Party Central Committee meeting in Beidaihe differences of opinion occurred, leading to the suspension of the meeting.

"This is completely unfounded," he said. "Actually we began the 10th meeting of the Political Bureau of the Central Committee yesterday (August 15)."

Zhao said the Political Bureau meeting would discuss the reform plan prepared by the State Council.

"As soon as the plan is adopted in principle at the Political Bureau meeting," he said, "we will solicit opinions from other groups and convene more meetings to work out concrete plans. It is expected that ample preparations will be made for next year's reform before the end of this year."

"Even after five years we will not be able to say that China's reform has been completed. But the basic framework will have been established," he said.

"During the period of economic reform, particularly in the present key period of reform, there will be no question about the suspension of political restructuring. Of

course, we will run into problems of this or that kind. But we will steadfastly carry out the political reform.

"Although only a little more than half a year has passed, we have steadily carried out our plan in various areas except for the country's civil service system," he said. "Setting up the civil service system is a relatively complicated problem. Nine drafts have been made of a tentative plan for this and specialists in various fields have gradually tended to hold comparatively converging views on the issue. The plan will soon be made public before implementation."

Dwelling on the five-year reform plan, Zhao said the problem China is now most concerned about is whether it can ensure the success of the reform. That is to say, the problem is whether, after the next five years of reform, China's economy will be transformed either into one in which the state regulates the market and lets the market guide the enterprises, or one which is bogged down in waves of price rises only to finally return to the old price parity at a new level.

"If the latter occurs, the reform will have failed to achieve its goal. In other words, it will have gone full circle back to its original state."

Zhao said this issue involves not only price reform but also reform of the entire economic setup, such as the labour system, wage system, financial system, and especially the reform of the enterprise system and the development of the market.

Therefore, he continued, in the five-year reform plan, China gives priority to the extension of enterprise reform. This is because without an increase in enterprise efficiency, price reform can hardly be a success, and the key to the increase of enterprise efficiency lies in making enterprises compete

for markets, thus promoting the better and eliminating the inferior ones.

"Whether we can in the course of reform check excessive price rises will be the deciding factor in whether the reform programme for the next year is carried out smoothly.

"This requires that we combine price reform with efforts to curb inflation."

While describing China's economic situation as "very good," he said there are some persistent problems, including economic overheating in some sectors and overextension in construction. "Next year we will take appropriate steps against these problems."

Asked what new progress has been made in exchanges between Taiwan and China's mainland, Zhao said that Taiwan's ruling Kuomintang recently held its 13th national congress, at which a new policy towards the mainland was worked out.

"Although there were some remarks at the congress which were incompatible with the situation, we welcome this new policy. Of course, we hope the Taiwan authorities will take still bigger steps in this regard," he said.

Talking about international relations, Zhao said that the essential condition for holding high-level Sino-Soviet talks is that the Soviet Union must urge Viet Nam to withdraw all its troops from Kampuchea.

Zhao told Sakai that China and the Soviet Union will deal with the Kampuchea issue during the forthcoming talks between the two countries' vice-ministers of foreign affairs. He wished the talks success.

He said that chance of high-level Sino-Soviet talks depend on whether the conditions are ripe. If they are, senior leaders of the two countries will surely meet some day.

Kampuchea

On the Kampuchea issue, Zhao branded as "illogical" Viet Nam's argument at the Jakarta informal meeting that the Vietnamese troop withdrawal from Kampuchea should be linked with efforts to stop Pol Pot from coming to power again.

The former is a question of aggression while the latter is an internal issue for Kampuchea, he said, adding that the aggressor and the victim cannot be mentioned in the same breath.

Zhao reiterated China's consistent position of not favouring any party monopolizing power or the exclusion of any party from power.

"The Khmer Rouge should not be allowed to assume power exclusively, and the Heng Samrin regime, a fait accompli created by Vietnamese aggression, must not be allowed to continue in power," Zhao said.

"Nowadays, some people are only concerned about how to keep the Khmer Rouge from returning to power in Kampuchea and neglect to consider how to prevent Heng Samrin from continuing in power. As far as I know, Heng Samrin's forces are no weaker than those of the Khmer Rouge. Therefore, after the withdrawal of Vietnamese troops it is still possible that the Heng Samrin regime will continue to exist."

Turning to Sino-Japanese relations, Zhao said it is significant that Japanese Prime Minister Noboru Takeshita is to visit China on the occasion of the 10th anniversary of the conclusion of the Treaty of Peace and Friendship between China and Japan. ■

Eye Disease Hits Beijing

August was a painful month for many Beijing residents as an epidemic of acute conjunctivitis

hit the city.

In the first half of the month Tongren Hospital, Beijing's largest ophthalmological hospital, received more than 700 conjunctivitis patients a day. Doctors had time to offer only simple treatment as the patients streamed through.

At the Friendship Hospital, another of the capital's major ones, half of the doctors in the ophthalmological department had to deal with the throngs affected by conjunctivitis. Many patients were unattended, even with nurses playing doctors' roles.

Almost every chemist shop in the city displayed a card saying "All eye medicines sold out," although Beijing's pharmaceutical factories produce 140,000 bottles of eye medicines daily.

A patient at Dongzhimen Hospital asked his doctor to prescribe 20 bottles of ointment, because his whole family had caught the disease. But the hospital dispensary was unable to meet his request.

The strain of acute virulent conjunctivitis that hit Beijing was first found in Ghana in 1969. It caused an epidemic in China's capital in 1971, when about 400,000 residents were affected.

This time the disease first hit workers at a coal mine in the city's suburbs. About 300 patients were reported there towards the end of July.

The local health department tried to control the disease by disinfecting the patients' personal articles and isolating the patients. But when it hit 40 drivers and conductors on the bus line to the mine, the further spread of the virus appeared inevitable.

Just as expected, the number of people affected shot up over the next few days. Hot weather promoted the growth of the virus and some patients continued to frequent public places. Some affected shop assistants continued to serve in downtown department



Preparing for the operation (left). The patient serves herself 10 days after the operation (right).

First Bypass Operation In China

Professor Guo Jiaqiang, head of the Fuwai Hospital under the Chinese Academy of Medical Sciences, and associate professor and surgeon Chen Yingchun of the same hospital, successfully complete China's first surgical bypass between the stomach's retial membrane artery and the coronary artery. The surgery is designed to rebuild blood circulation in the coronary artery. The patient was a 50-year-old rural woman who suffered from heart disease and angina.

stores to safeguard their monthly bonuses.

In an attempt to curb the epidemic, the municipal government held an emergency meeting on August 11. All public swimming pools were closed and the authorities advised people not to swim in rivers or natural pools. A public education campaign on how to prevent the disease was launched and sanitary inspections of public places were instituted.

Meanwhile Li Changming, the director of the municipal public health department, urged scientists to conduct further research on the virus. "We shall do our best to protect residents from, at least, any other epidemics in the future," Li said. ■

Bank to Raise Interest Rates

The People's Bank of China, the country's central bank, an-

nounced on August 16 that it will raise both deposit and loan interest rates from September 1, as part of the nation's efforts to stop the price rise spiral and attract more savings.

Hong Yuncheng, the bank's spokesman, said interest rates for fixed term deposits will be raised as follows:

From the present 7.2 percent to 8.64 percent for one-year deposits;

From 8.28 percent to 9.72 percent for three-year deposits;

From 9.36 percent to 10.8 percent for five-year deposits; and

From 10.44 percent to 12.42 percent for eight-year deposits.

Banks will also offer two-year fixed deposits with an annual interest rate of 9.18 percent.

The first interest rate increase for private fixed deposits since 1985, it comes at a time when the sales index has hit its highest point in 10 years, reaching 13 percent for the first six months of this year.

In the first four months of this year, there was a sharp decline in private deposits as a result of price rises and low interest rates, which were pegged at a level equivalent to that of the 1950s, according to Jin Li from the central bank.

The spokesman said that interest rates for one-, two- and three-year fixed term deposits by enterprises and institutions will be raised to the same level as for personal deposits. He added that banks will start taking in five- and eight-year fixed deposits from enterprises and institutions at interest rates parallel to those of private savings.

"This is a large increase for enterprises and institutions as the present interest rate offered to them for a one-year fixed deposit stands at 5.04 percent," said Wang Liqing, another bank official.

The annual lending rate for one-year fixed term loans will be lifted to 9 percent from the present 7.92

percent as part of the bank's move to manipulate the cost of money and curb excessive spending.

Hong said, "The increase in the lending rate is not large as it takes into consideration the financial capabilities of our enterprises."

Wang, who is in charge of interest rates at the bank, explained that the increase in loan interest rates "will not greatly affect enterprises as the interest will only account for 3.16 percent of their production costs, compared with the present 2.8 percent."

The spokesman said, "The People's Bank of China is now ready to start using the lever of interest rate adjustment to its fullest. He added that banks should be discriminating and allocate loans with consideration to the efficiency and repayment ability of firms.

The increases in deposit and lending rates were finalized after repeated and careful study, and particular attention was given to the recent price rises and the financial resources of farmers and industrial enterprises, Hong said. He said the readjustment of interest rates was on a small scale this time because the country's enterprises still have limited survival capability. ■

Weekly Chronicle

(August 15-21)

POLITICAL

August 15

■ An official of the Beijing Municipal Discipline Inspection Committee says that retired Party cadres have the right to earn money by being reemployed or offering advisory services to enterprises. "They should be treated differently from those who abuse power for personal gain," he adds.

August 16

■ The Supreme People's Procuratorate received 243 calls in July on a hot line specially set up on June 30 for citizens to expose corruption nationwide, a procuratorate official says.

Accusations were made against 268 officials including 21 from the central government. Two-thirds of the cases relate to bribery and graft.

August 18

■ A Chinese Foreign Ministry spokesman expresses support for measures taken by the British Hong Kong government to repatriate the Vietnamese refugees stuck in Hong Kong.

■ A Foreign Ministry spokesman says that the Chinese government and people are shocked and deeply grieved at the tragic death in a plane crash of President Mohammad Zia-ul-Haq of Pakistan.

"His death has deprived Pakistan of an outstanding leader and China of an old respected friend." China will, as always, work for continued development of the friendly relations and co-operation between China and Pakistan, the spokesman says.

ECONOMIC

August 15

■ Xinchengzi Township in the suburbs of Shenyang, capital of Liaoning Province, is launching an aircraft manufacturing venture, Xinhua reports.

Twelve organizations are participating in the venture, mostly aircraft manufacturing research institutes. This year they plan to produce five planes with a carrying capacity of 300 kg and a minimum speed of 70 km per hour, suitable for tourism and farm use.

August 17

■ The State Council has approved a report from the People's

Bank of China on money circulation and financing.

The bank will stop extending credit to small enterprises that produce poor-quality goods and poor economic results. It will also deny funds to construction projects which are outside the state plan, especially non-productive projects. And group purchases and consumer funds will be checked.

CULTURAL

August 16

■ A non-governmental national Taiwan studies society is founded to promote research on Taiwan and encourage academic exchanges between the mainland and the island.

Huan Xiang, secretary-general of China's Institute of International Affairs, is elected the society's director.

August 17

■ Peking Man may have been the first human being to make his way to the Americas. The statement is made by Professor Thomas Johnson, a researcher with Canada's Elphinstone Pioneer Museum, at an international symposium on the Pacific coastal zone held in Beijing.

He says that about 120,000 years ago, the oceans were 180 metres deeper than they are today, and for hundreds of years the environment on the continental shelf provided ideal conditions for intercontinental migrations.

SOCIAL

August 17

■ China has 407 cities compared with 193 in 1978. Chinese experts tell a four-day international conference in Tianjin on China's urbanization.

They say the country's rapid urbanization is a result of rural restructuring and the reform of the economic system.

BURMA

Question Mark Hangs Over Future

Attorney-General Maung Maung has become state president and chairman of Burma's ruling party in the wake of U Sein Lwin's resignation. But the country's future remains uncertain.

On August 19 Maung Maung, Burma's former attorney-general, was elected chairman of Burma's Council of State (president) and of the Burma Socialist Programme Party.

At an emergency session of the People's Congress, U Aye Ko, the Party's general secretary and state vice-president, spoke on the current situation in the country. He noted that economic and political problems are at the root of recent developments in the country. Economic difficulties have resulted in dissatisfaction among the people and the events reflect this dissatisfaction.

Last March students rioted in protest against the economic situation and a campus upheaval took place in June. The protests led to the resignation of Party Chairman U Ne Win and President U San Yu.

An extraordinary Party congress and an emergency session of the People's Congress in July adopted a set of principles and policies on economic reform and elected a new leader, U Sein Lwin, to both the Party and state posts. But the situation was not eased. And within a few days after Sein Lwin came to power, it worsened.

On August 8 students in Rangoon held demonstrations demanding that Sein Lwin step down. In the evening the Burmese authorities proclaimed a state of emergency and martial law in Rangoon. Students, workers, Buddhist monks and others took part in street protests in defiance of the martial law declaration. The

demonstrations spread to more than 10 other cities. In three of them the police opened fire to quell the protests.

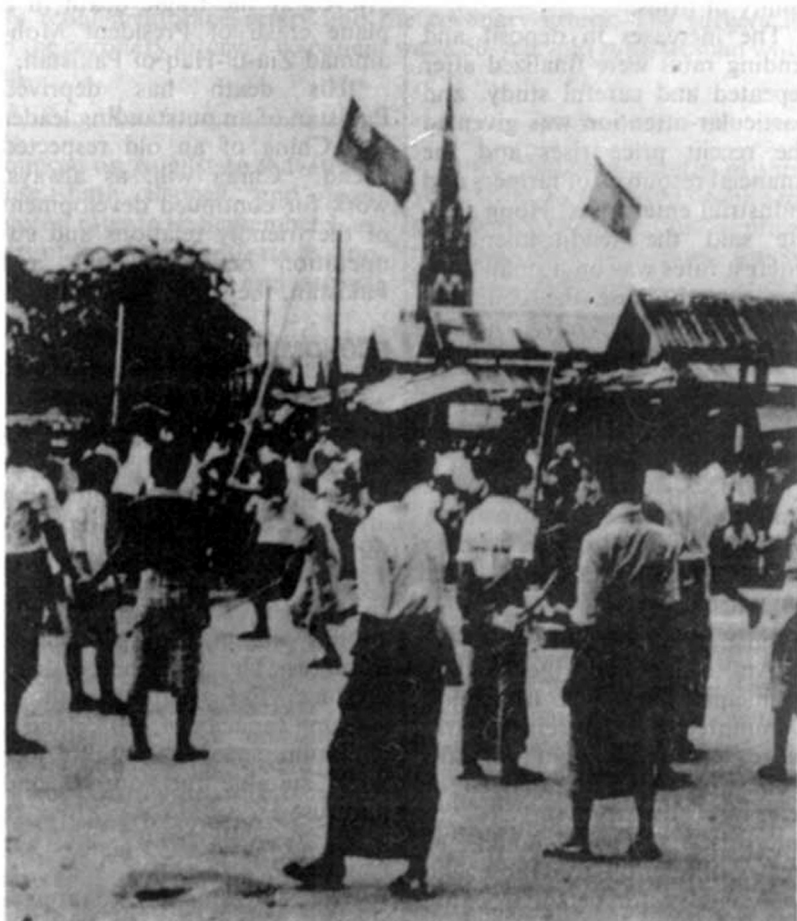
The next day disturbances took place in 25 cities. Security forces repeatedly fired on protesters and many demonstrators were de-

tained. After five days of violent demonstrations, in which an unknown number of people were killed, Sein Lwin resigned on August 12.

Demonstrations continued after the announcement of the resignation. Various groups circulated statements, put up posters and held peaceful rallies, demanding a multi-party system, the release of political prisoners, the restoration of student organizations and economic reform.

The change of the leadership is not enough to satisfy the Burmese people. Observers said that only when the new leaders properly deal with the problems and

Students, workers and others demand Sein Lwin's resignation at an August 11 demonstration in Rangoon.



effectively carry out the economic reform policy and promote democracy in the country will Burma be able to extricate itself from its current difficulties.

China and Burma are good neighbours. The Chinese people

hope that the situation in Burma will soon become stable so that the Burmese people can engage in national economic construction and improve their living standards.

by Chang Qing

THAILAND

New Coalition Draws Broad Support

Thailand's 15th general election has produced a new multi-party coalition government. People are watching to see what policies it will follow.

A coalition government led by Chart Thai (Thai Nation) Party leader Chatichai Choonhavan was officially formed on August 9. Chatichai thus became Thailand's 17th prime minister and the first elected prime minister in 12 years.

The government is made up of four former ruling parties—the Chart Thai, Social Action, Democratic and Rassadorn—as well as two former opposition parties—the United Democracy and Muan Chon. The coalition commands 230 out of 357 seats in the House of Representatives.

Of the 44 portfolios in the new cabinet, the Chart Thai Party holds 17 ministerial and deputy ministerial posts including defence, the interior, industry, finance and justice. The Social Action Party holds 11 posts including foreign affairs, communication, and commerce; the Democratic Party 10 posts, and the Rassadorn Party four posts including deputy prime minister.

The leaders of the United Democracy and Muan Chon parties were named ministers to the prime minister's office.

Prime Minister Chatichai concurrently holds the defence portfolio while Social Action Party leader Siddhi Savetsila

retains his former post of foreign minister.

A total of 16 parties participated in the July 24 general election but none of them emerged with a majority. The Chart Thai Party won the largest number of seats—87—followed by the Social Action Party with 54 seats and the Democratic Party with 48.

After the election, the four former ruling parties and the former opposition United Democracy Party began gearing up for the formation of a new coalition government.

Under a “gentleman's agreement” concluded after the dissolution of the House of Representatives, the five parties agreed to form a new coalition government after the election and invite former prime minister Prem Tinsulanonda to remain in office for one more term. Prem refused the offer and Chatichai was nominated to replace him. Chatichai's nomination also received the support of the newly formed Palang Dharma Party and the former opposition Muan Chon Party.

Some parties challenged the nomination of Chatichai by proposing Social Action Party leader Siddhi instead. Their efforts, although in vain, complicated matters for a time.

Chatichai was officially named prime minister by King Bhumibol Adulyadej on August 4 and the new cabinet was approved on August 9.

The commander-in-chief of the Thai army, Chavalit Yongchaiyudh, reaffirmed his pledge to support the new government and called on all army personnel to “obey orders issued by the government.”

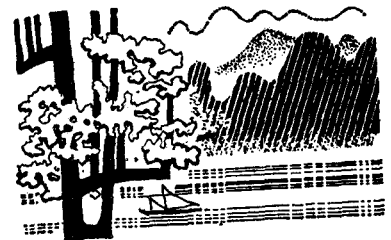
People are watching to see what policies the new government will follow. Observers believe it will continue to implement the economic policies of the previous administration. Chatichai was quoted as saying that the main policies of the new government would stress economic development, particularly improving living standards for the rural poor and increasing the minimum wage for labour.

On foreign policy, a Foreign Ministry source was quoted as saying that the new government will seek “more balanced relations” with the United States, the Soviet Union and China.

Chatichai has also promised that his government will try to see that the Kampuchean problem is resolved as soon as possible.

Although Thailand has witnessed rapid economic growth in recent years and the new government will try to make the country even more prosperous, observers consider that the government faces some unresolved domestic problems.

by Huang Yong



UNITED STATES

Congress Passes Protectionist Trade Bill

The comprehensive trade bill recently passed by the US Congress violates the free-trade principles of the General Agreement on Tariffs and Trade. The bill evoked strong repercussions in Western Europe, Japan and elsewhere.

On July 13 the US House of Representatives passed the amended comprehensive trade bill by an overwhelming majority. On August 3 the Senate did the same. If the president signs the bill, it will mark the most extensive change in US foreign trade policy since World War II.

The bill has three main features:

First, it empowers the US government to take part in multilateral trade talks under the General Agreement on Tariffs and Trade (GATT). Under the US Constitution, jurisdiction over foreign trade falls to Congress. The president, therefore, must be empowered by Congress to take part in multilateral trade talks. The comprehensive trade bill extends the president's power to negotiate on trade matters and gives him the right to reduce or remit tariffs without the permission of Congress until May 31, 1993.

It is noteworthy that the bill has a special clause relating to countries with "state-controlled trade systems" joining GATT. It stipulates that when any major power joins GATT, the president must find out if its state-owned enterprises account for the largest part of its exports and if it unfairly taxes, restricts or influences US foreign trade. According to the findings, the president must decide if the GATT is applicable to US trade with the country. If the clause comes into force, it will entail extra obligations on the part of China and obstacles to China's efforts to regain its position as a GATT signatory.

Second, the comprehensive trade bill outlines three overall aims in the coming "Uruguay round" of multilateral trade talks. They are: more open and equal market access for the United States; the reduction or lifting of trade barriers and an end to policies and practices that interfere with trade; and the establishment of effective regulations and procedures for international trade. The bill also outlines concrete measures required for the fulfilment of the overall goals. The US goals in some respects ignore and infringe on the interests of developing countries, violating the purpose of GATT.

Third, the bill strengthens protectionist laws and regulations. In the modifications to the bill, Congress added protectionist clauses to current laws and regulations:

(1) The bill strengthens provisions for retaliation. The power to retaliate against "unfair trading practices" by foreign countries shifts from the president to trade representatives, and the range of retaliatory measures is enlarged.

(2) The bill stipulates that the US International Trade Committee must issue a certificate of injury within 120 days after receiving a valid complaint that imported goods are harming the domestic industry and must advise the president on what measures to take to deal with the situation within six months. The president can then take steps to limit the imports. The new rules favour domestic companies registering complaints.

(3) The bill modifies anti-dumping and anti-subsidy laws, extending the right of industrial sectors to sue in civil court.

(4) The bill outlines the aims of trade talks relating to farm products and provides for increases in sales loans (an export subsidy) designed to expand farm product sales.

(5) The protection of intellectual property rights is strengthened. Current laws allow US patent holders to launch suits against overseas patent violators in US federal court. The bill expands the range of such suits and removes the requirement to produce a certificate of damage. The bill also shifts the power of retaliation from the president to the trade representatives.

(6) The bill attempts to open international markets for the US service industry.

(7) Current laws empower the president to prevent foreign enterprises from investing in the United States in extraordinary cases. Because of the large investment in US real estate and US companies by such countries as Japan, the modified bill enlarges the president's power to consider and suspend the takeover of US companies by foreign ones.

The modified bill was greeted by criticism from Japan, Western Europe and other US trading partners. On August 16, the French government issued a communique saying it is sorry to see one of the world's major trading countries pass a protectionist trade bill, and arguing that the United States broke its word on the eve of a new round of worldwide trade talks. The French government said it would support the European Community if it were forced to take measures to protect its trade interests. The Chinese government also expressed concern over the US action. World opinion holds that the US trade bill would interfere

with free trade and intensify trade frictions. Concerned countries urged the US president to veto the

bill and are anxiously waiting to see that happens.

by Wang Yi

AFRICA

Population Growth Poses Major Problem

The pace of population growth in Africa is faster than the expansion of food production. This exerts enormous pressure on the continent's economic and social development.

Population is a major issue in the world today. The United Nations declared July 11, 1987, the Day of the 5 Billion in an effort to arouse worldwide concern about the population problem.

Africa has the highest rate of population growth in the world. In 1961 the continent had 256 million people or 8.3 percent of the world's population. In 1987 the figures had risen to 601 million people or 12 percent of the world's total. This sharp rate of growth constitutes a great threat to the continent's economic and social development.

The African population has the following characteristics: First, it has three highs—high birth rate, high mortality rate and high growth rate. The average birth rate in countries south of the Sahara in 1987 was 47 per 1,000 compared with the global average of 32 per 1,000. The death rate in African countries has dropped in recent years but it is still the highest in the world. The death rate in the sub-Saharan countries was 18 per 1,000 last year, compared with the world average of 10 per 1,000. The natural growth rate of the African population has risen steadily to 2.8 percent in 1987 from 2.3 percent in 1960. In the same period the average growth rate of the world population was 1.7 percent. The continent's population is forecast to rise to 880 million by the year 2000.

The second feature of the

African population is the high proportion of children and thus of those who must be cared for. In 1987, 45 percent of the African population was under 15 years of age while 3 percent was over 65. An average of 89 percent of African adults care for children or elderly people, compared with the world rate of 72 percent.

The third feature is the urban population boom. The population of Africa's cities increased to 180 million in 1987 from 30 million in 1950. Urban dwellers now constitute 30 percent of the continent's population.

Africa's high population growth rate is the result of a combination of social and economic factors. Independence brought freedom from colonialist oppression and increased people's feelings of security. Medical treatment and sanitation have improved and the death rate has declined. Africa has a tradition of early marriage and of having many children so that parents will have support when they are old. Finally village and community systems in the countryside and polygamy, which still exists in parts of Africa, promote a high birth rate.

Economic and social development have not kept pace with population growth. Population is expanding faster than agricultural and grain production. As a result of declining self-reliance in grain, the contradiction between low social productivity and the high

rate of population growth has become sharper.

The governments of many African countries have begun to realize that overly rapid population growth is a serious problem. These governments have tackled the tasks of controlling population size and growth, reducing the birth rate and bringing population growth into line with economic and social development.

Dozens of African countries have implemented family planning programmes and a few have begun formulating population policies and setting targets for birth control. The Tunisian government has been actively pursuing its population policy. It set a minimum age for marriage (17 for women, 21 for men); abolished polygamy; and is promoting family planning throughout the country. Zimbabwe is implementing a 50-year (1982-2032) plan to reduce population growth to 1.4 percent. The country is setting up family planning centres, training family planning workers and providing contraception devices and help in childbirth.

The governments of Kenya and Ghana, in co-operation with the International Development Association, have launched family planning programmes. The governments have had some success in encouraging private companies to support the programmes. Nigeria is carrying out a family planning programme in Oyo State.

African countries are also getting together to discuss the population question. Conferences on population and development were held in 1981, 1984 and 1986 and a permanent organization was set up to study this issue. But African countries differ widely in their attitudes and views on the population question. This makes the task of reducing population growth and enhancing the population quality even more difficult.

by Li Qiling

Looking Forward to September in Seoul

by Our Correspondent Zhang Wei

Li Menghua, head of the Chinese delegation to the 24th Olympic Games, president of the Chinese Olympic Committee and minister of the State Physical Culture and Sports Commission, recently made a speech and answered questions on China's participation in the Olympic Games.

Beijing Review: Is China's participation in the 24th Olympic Games consistent with its stand on the Korean Peninsula?

Li: They coincide entirely. We have all along supported the just stand of the Democratic People's Republic of Korea for the reunification of their country. At no time will this policy be changed.

The Chinese Olympic Committee is a member of the International Olympic Committee. We participate in the Olympics to promote friendship between Chinese athletes and those from other countries, and to develop the Olympic Games in accordance with its charter.

Q: International sports circles and the Chinese people are interested in how China will fare at the 24th Olympic Games. As the head of the Chinese delegation, can you give us an assessment?

A: The Olympic motto is "faster, higher and stronger," and athletes from around the world will be trying to live up to it. At the 23rd Los Angeles Olympics in 1984, China won 15 gold medals, ranking fourth. Chinese athletes came home with 32 medals altogether, putting the team sixth on aggregate.

Because many strong athletes will participate in this year's Olympics, competition is going to be stiff. Although the actual

strength of Chinese athletes has topped that of the last games, and we will try to do our best, it is unlikely that the number of gold medals will surpass the 1984 figure. As to our overall placing, that is extremely hard to guess. What we demand of our team is that they perform to the best of their ability and display a fine mental attitude.

Q: A total of 443 Chinese are going to Seoul, of whom 301 are athletes who will compete in 20 events and two exhibition matches. This is far more than at the last games when China had 353 people, 225 of whom competed. What does this mean?

A: It means that sport in China has made great progress in the past four years. At the Los Angeles Olympics, China competed in 16 events. We didn't participate in the boxing, football, horsemanship, hockey and modern pentathlon. This time, apart from the inclusion of table tennis, our footballers have qualified. Since the restoration of boxing in China, so have our boxers, and three Chinese athletes will compete in the modern pentathlon. Because of this, the Chinese team will be the tenth largest at the games.

Q: The Chinese Taipei Olympic Committee recently announced it was sending 133 people, 90 of whom are athletes who will compete in 12 events. Could you please comment on this?

A: We are glad to note that the number of athletes sent by Taiwan to the Olympics is twice as big as at the last games. I sincerely hope they will make much headway, and that the Chinese athletes from both sides of the straits will get together, swap experiences, pro-

mote friendship and jointly enhance the standard of sport of the Chinese nation. We also hope that future sports exchanges will take place on both sides of the straits, and look forward to the

Li Menghua.

WANG JINGYING



arrival of our counterparts from Taiwanese sports circles on the mainland.

Q: Some Asian countries have expressed the wish that they want to become the most powerful sports nation in Asia. What are your comments?

A: We shall share our joy with whoever becomes the most powerful sports nation in Asia. But what is really important is that we Asian countries make common efforts to enhance our Olympic standing to enable ourselves to stand among the Olympics' best.

Q: In the past four years, what new progress has been made between China and the International Olympic Committee?

A: Since the restoration of China's legitimate rights on the International Olympic Committee, our co-operation and exchanges with the IOC have continually expanded. The Chinese Olympic Committee has supported our bid to promote mass sports in China

by helping us to organize marathons with around 10,000 runners for the past few years.

Last year, IOC president Juan Antonia Samaranch attended China's Sixth National Games. The IOC has presented a gold medal to one of the Chinese leaders, Mr. Wan Li, and silver and bronze ones to myself and other Chinese sports leaders.

Mr. He Zhenliang, a member of the International Olympic Committee, has been elected an executive member on the IOC, and the Chinese Olympic Committee will make further efforts to co-operate with it and promote the growth of the Olympics.

Q: Has the goal of building China into a powerful sports nation by the end of this century changed or not?

A: Certainly not. This is the common aspiration of all Chinese sports workers and is favoured by the Chinese government. After these Olympics, we shall study our

sports system and take further steps for the realization of this magnificent goal.

Q: Does China intend to hold the Olympics by 2000?

A: Because of China's international status and the achievements of its athletes, people in international sports circles have recently voiced the hope that China will sponsor the Olympic games at an appropriate time. We intend this to be before 2000, and are conducting a feasibility study. Whether this can be realized or not will be decided by the economic construction, cultural development and the standard of sport in our country as well as by the Olympic Committees of other countries. For now, what is most important is successfully running the 11th Asian games to be held in Beijing in 1990. With this experience under our belt, we should be able to bid for the games some time in the future. ■

The Seoul Olympics: China's Golden Prospects

At the 1984 Los Angeles Olympic Games, China came fourth in the medals table with 15 golds, eight silvers and nine coppers. How will China fare at the 24th Seoul Olympics in September?

by Nai Hua

At the 1984 Los Angeles Olympic Games, China came fourth in the medals table with 15 golds, eight silvers and nine coppers. Now, as the 24th Olympics approach, many Chinese are asking whether their athletes can fare as well in Seoul in September.

Altogether, 9,000 athletes will be pursuing 237 gold medals across 23 sports. Tennis and table tennis have been included for the

first time, and more countries are sending athletes to the games than ever before.

Competition will be fierce, but last year 69 Chinese athletes notched up world best performances, breaking world records 43 times in the World Championships and World Cup contests. These performances marked a large advance in establishing China as a major power in world sport.

Stiffer Competition

Some events in which China excels have not been included this time round, such as badminton, softball and women's walking, weightlifting and judo. Also, the Los Angeles Olympics were boycotted by the Soviet Union and some East European countries, and so many of the world's best athletes were absent.

Of China's 15 gold medals won

in 1984, five came from gymnastics, four from weightlifting, and three from shooting—all sports in which the Soviet Union, the German Democratic Republic and Bulgaria have continually led the world. Although China still has great strength in these sports, it is hard to believe its athletes will fare quite so well.

In diving, China's efforts to retain the gold it won in 1984 are threatened most by the United States, which over the last few years has had some remarkable achievements in this sport.

Additionally, China faces great rivalry from South Korea in the struggle to be the most successful in Asia. Its athletes' major strengths lie in boxing, judo, archery and wrestling, for which there are more medals. Moreover, they enjoy the advantage of competing at home. At the 10th Asian Games, China only won one more gold than South Korea. Then, China gained the upper hand mainly in track and field and swimming. But in these events, Chinese contestants are unlikely to beat the Europeans and Americans.

China's Best Hopes

But even in the face of this stiff competition, China still has some sports in which it is tipped to bring home medals.

China's table tennis players have been leading the world for the past 20 years. Although European men and Asian women players have made rapid progress in recent years, China still holds the upper hand in overall strength. And at this summer's Olympics, this small ball should play a significant role in winning gold medals for China. Four are available in the men's and women's singles and doubles.

Each country can only send three men and three women players. In the singles, Jiang



Xu Haifeng sets his sights.

XIA DAOLING

Jialiang and Chen Longcan, the two world champions, are faced with challenges from strong opponents. For instance, Jan-Ove Waldner of Sweden, and Lbszek Kucharski and Andrzej Grubba of Poland have each defeated the Chinese players once.

China's three women He Zhili, Geng Lijuan and Jiao Zhimin, in comparison are in better positions, and should be favourites to bring home medals.

The men's and women's doubles have always been the strongest events for European players. It is here that China faces the biggest obstacles for a clean sweep of the table tennis medals. The South Korean women's doubles team defeated their Chinese opponents in the World Cup Tournament last year.

Another strong Chinese sport is shooting. At the Los Angeles Olympics, Xu Haifeng, Wu Xiaoxuan and Li Yuwei won three gold medals. At the Olympic Selection contests last year, China picked up 24 places for this year's games, ranking third after the Soviet Union (29) and the United States (26). They will take part in all the 13 shooting events.

Veteran marksman Xu Haifeng

has acquitted himself well in the past two years. At the 10th Asian Games in 1986, he got four golds and broke one world record. At the Sixth Asian Shooting Championships last year, he again chalked up four golds and one silver, and new world records are not beyond him.

Li Zhaoyang and Liu Haiying, who broke world records at China's Sixth National Games, also are strong shooters. If they live up to their full potential, they are more than capable of retaining their three golds. But, the participation of strong teams from the Soviet Union and other East European countries will make this summer's shooting contests the fiercest in Olympic history.

Gymnastics also offers hope for China. The spirit of the team which won the men's runners-up with five golds in Los Angeles has been sustained. At the 24th World Championships, Lou Yun came first in the floor exercises and then added another gold with a score of 100 percent on the vaulting horse. Recently he has added several new free exercise routines to his repertoire, which can only increase his chances this summer.



Li Ning, One of China's several outstanding gymnasts.

GUAN TIANYI

Li Ning's mastery of the rings makes him another likely winner if he can give full rein to his skills, and a group of up-and-coming athletes, Xu Zhiqiang, Wang Chongsheng, Li Chun, Gao Min and Li Ge, should also be well-worth matching.

China's women's gymnastics have been at a low ebb, but recently performances have improved somewhat. Fan Di got full marks on the uneven bars at the World Championships, and Chen

Cuiting won an all-round title at the Asian Games. A 180° straight body forward somersault performed by Wang Huiying on the vaulting horse was recently cited by the General Association of International Sports Federations as an original move. With good performances these women could accomplish much. But in the face of the strong Soviet and Rumanian teams, too many expectations should not be placed on them.

Strength in Depth

Again, it is the participation of the Soviet Union and Bulgaria which poses a serious challenge to Chinese weightlifters in Seoul. He Zhuoqiang should be certain of a gold medal if he performs properly. Otherwise, in the 56-kg-class, He Yingqiang, who broke the world record at this weight last year, Liu Shoubin, a gold-medal holder in the snatch event at the 41st World Championships, and Bulgaria's Neno Terzinsky, the champion at last year's World Championships, are the three principal antagonists.

In diving, Chinese athletes have improved since the 23rd Olympic Games. One up-and-coming young diver is Gao Min, who has been the women's springboard world champion for two years running. Xu Yanmei got full marks at the fifth World Cup diving contest from the platform, and Chen Xiaodan, winner of China's open diving contest, has begun to show her full ability.

With this talent, two gold medals are a distinct possibility for the women, and the veteran men divers Tan Liangde and Li Kongzheng on the showing of recent improvements should not come home empty-handed.

Another two events in which China has won gold medals at previous Olympics are women's fencing and volleyball. Even approaching 30, it is not impossible for previous Olympic fencing champion Luan Jujie to win again, though obviously her physique is not the same as four years ago.

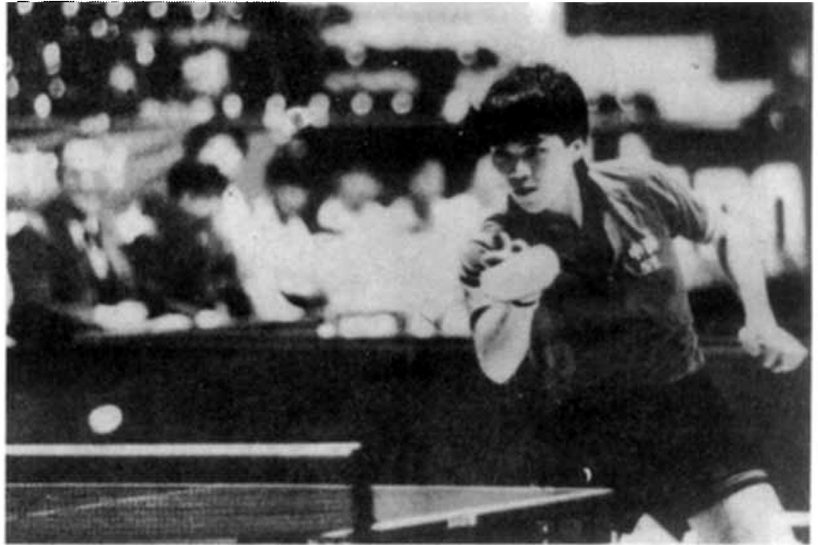
The absence of the Cuban Women's volleyball team from Seoul offers hope to the Chinese despite a slight decline recently. But there are still the Peruvians, Japanese, Soviets, Americans and Democratic Germans to overcome before the Chinese women can win for the sixth time.

At the Sixth National Games

held last year, swimmer Huang Xiaomin made a good show in the women's 200 metres breast stroke, only 0.38 of a second outside the world record. Qian Hong (100 metres butterfly), Yang Wenyi (50 metres freestyle) and Zhuang Yong (100 metres freestyle) also all rank among the world's swimmers.

China has always been weak in track and field events, but its best hopes for medals lie with Li Meisu and Huang Zhihong (women's shotput), Yu Hourun (women's discus), and Wang Xiuting (women's 1,000 metres).

To sum up, China's strengths lie in table tennis, shooting, gymnastics, weightlifting, diving, women's volleyball, and swimming. The Chinese teams, if they perform well, could win up to 15 gold medals and come fifth or sixth overall. Even if perfor-



Jiang Jialiang, the world table tennis champion.

LAN HONGGUANG

mances do not live up to expectations, they should still come eighth or ninth.

But speculation can be endless.

What we have to do now is sit back before the television and see what China's athletes can come up with on the day. ■

World Suffers From 'Disquieting Uncertainty'

On August 24 "Beijing Review" interviewed visiting Bangladesh Foreign Minister Humayun Rasheed Choudhury. The following is the text of the interview.



Question: Mr. Foreign Minister, it is three years since the South Asian Association for Regional Co-operation was set up. How would you describe its success, problems if any, and prospects?

Answer: The fact that an association such as the SAARC could be launched leaving behind decades of inter-state relations in the region replete with mutual suspicion and discord rooted deep in the region's colonial past, was a success in itself, particularly in the sense of its being the critical first step leading eventually to closer co-operation among the member states. The accent is on building on the aspects that unite these

countries. Apart from identifying specific sectors of co-operation, 16 in total now, which includes areas such as agriculture, communications, women in development, drug abuse prevention, rural development and so on, two important agreements have already been signed, one establishing a SAARC food security reserve and the other instituting a convention on suppression of terrorism. At the initial stage, activities included in what is called the Integrated Programme of Action concentrated on exchanges of information and emphasizing SAARC symbolism. A shift of emphasis is now in progress which

is geared to including more and more benefit oriented programmes aimed at reaching tangible benefit to the peoples of the region. While we have a long way to go, I can assure you that we have made a successful departure and we hope to reach the state of closer co-operation among the member countries through agreements on further areas.

Q: How would you describe today's world situation, especially the situation in Asia, with regard to the two superpowers' actions and intentions.

A: The world situation can be characterised as one of disquieting uncertainty. Fundamental issues such as conflict resolution, disarmament and arms control, the eradication of the last vestiges of colonialism and racial discrimination, socio-economic development and environmental control have no immediate remedial measures. These are accompanied by a host of new problems, truly multilateral in scope, such as drug-trafficking, terrorism, hijacking, hostage-taking and movements of displaced persons. Lack of adequate resolution has increased tension, exacerbated by regional conflicts scattered along the face of the third world.

In Asia, these issues, particularly political conflicts, have reached an acute dimension. In West Asia, the Middle East problem, Lebanon, Cyprus and the Gulf situation have all contributed to dangerous hot-beds of tension. Nearer home in South Asia the situation is also potentially explosive. Afghanistan and Sri Lanka are poised for what appears to be a long drawn out civil war though the situation in Sri Lanka appears to be easing somewhat. Indo-Pakistan tensions are mounting accompanied by arms build-up and the dire possibility of nuclearization. The Indian Ocean regime is yet to be regulated with danger of destabilization affecting

littoral and hinterland states. Outstanding bilateral problems contribute to the potential danger of conflict in such issues as sharing scarce natural resources, demarcating boundaries, ethnic and religious strife and displaced persons. In Southeast Asia the Kampuchean problem continues to erode regional security of the countries of the region. Despite this overall malaise in the world and the Asian situation in particular, we have witnessed in recent days, welcome signs of improvement and forward progression in a number of issues. The acceptance of the ceasefire by Iran and Iraq, the resumption of talks between the two Cypriot communities, withdrawal of Soviet troops in Afghanistan in the wake of the April 1988 Geneva Accords and the evolution of the situation in Kampuchea following Viet Nam's announcement of troop withdrawal, have given rise to optimism of a breakthrough in entrenched positions.

It can be rightly said that the overall geo-political situation and the thaw in relations between the two superpowers have contributed towards the lessening of tensions. The outcome of the fourth Moscow summit has been welcomed by Bangladesh not only because some tangible progress was achieved on limiting nuclear arms but because of attitudinal changes that have opened the way for continuing constructive dialogue that could contribute to climate of international restraint. Such a process could make the cold war a thing of the past and inevitably lead to the creation of a positive atmosphere with important repercussions on the rest of the world.

Q: There are many regional issues in the world that the people of all countries are concerned about. What are your government's views on those issues in general and the Afghanistan and Kampuchean

question in particular?

A: Long-standing regional conflict situations continue to destabilize the international political scene with the ever-present threat of wider involvement and escalation. The major areas of tension are well-known, extending from Latin America to the Pacific. Potential flash points in the Middle East situation and Lebanon, the Iran-Iraq conflict, Afghanistan, Kampuchea, Cyprus, Western Sahara, Chad and south of the Zambezi River in Namibia and South Africa where the abhorrent policies of apartheid still prevail.

A prime factor for concern is that these conflict areas are all located in the third world countries whose peoples have been the main victims of actual and proxy wars since the end of the Second World War. This is one reason why third world countries have always insisted that real detente must be universal in character and not related merely to East-West concerns. We are fully aware that solutions to many of these regional conflicts are not forthcoming in the conventional sense of the word. These issues are the object of on-going efforts on various planes, domestic, regional and geographical. The process towards peace is a slow one with at best incremental improvements with some advances, many pitfalls and disappointments.

On the broad policy plane, Bangladesh believes that any approach to solution of these problems must be based on the fundamental principles and purposes of the charter of the United Nations to which we are constitutionally committed. As member of the non-aligned movement, the Organization of Islamic Conference and the Commonwealth, all of which organizations subscribe to these principles and purposes, our commitment is further reinforced on a widespread regional basis.

Q: How would you comment on the recent US-Soviet Moscow summit? What is Bangladesh's position on disarmament, both nuclear and conventional?

A: I have already characterized the outcome of the fourth US-Soviet Moscow summit as a positive development not because of any dramatic advance in the relations between the two superpowers, but because of any vital attitudinal changes that have led to a more relaxed international atmosphere. Perhaps, the most important factor was the institution of the practice of constructive dialogue between them on a regular basis that could enhance closer understanding on outstanding differences.

In the past the almost exclusive object of East-West negotiation has been arms control. The purpose of these negotiations has been to lessen tensions, to improve political relations and to ease communications between Moscow and Washington. The intermediate nuclear force (INF) treaty is the first arms control agreement to be ratified in more than 15 years. It must not be forgotten, however, that because it covered the simplest elements in the arms control agenda and presented manageable verification problems that the agreement was indeed possible. Future agreements including understanding reached for a move towards a 50 percent reduction in nuclear strategic weapons (START) are bound to be much more difficult to conclude.

Bangladesh's policy on disarmament is rooted in her constitutional commitment to promote general and complete disarmament (GCD) and the renunciation of the use of force in international relations. We believe that the threat of nuclear catastrophe has eroded all other tasks before the global society including the great challenges of economic development and the

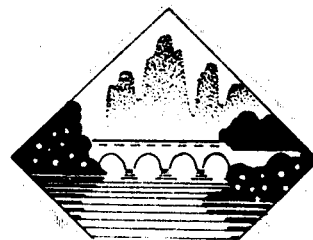
creation of a world where justice and human dignity can find their rightful place. Our primary concern is directed therefore, to limiting, reducing or eliminating the vast arsenals both nuclear and conventional repository in the world and the vital need for the international community to co-operate in ensuring a global environment of peace where the people of developing countries can pursue, unfettered, their efforts to obtain an acceptable quality of life. This is even more so, in the face of the stupendous expenditure on wasteful and non-productive resources. It is our belief that what is threatening peace and stability in the world today is the poverty, hunger, squalor and despair of the vast majority of the 5 billion inhabitants of our globe whose governments are unable to provide them with the means for a decent existence. The need to channel resources spent on weapons of destruction to more productive development purposes is an imperative necessity.

While fully subscribing to all measures at the global level to halt and reverse the arms race, we believe that a regional approach is also vital in lessening tensions and furthering the cause of disarmament. There is vital need to promote confidence among regional neighbours.

A fundamental priority remains the promotion of nuclear disarmament. Bangladesh has totally rejected the nuclear alternative in our firm belief that nuclear war can never be limited and can never be won. It is for this reason that we acceded to the nuclear non-proliferation treaty and have supported all measures partial or otherwise including the establishment of nuclear weapon free zones and zones of peace that could further promote nuclear disarmament. We believe also that the role of the United Nations is central to these endeavours.

Q: As we know, you have met and talked with Chinese leaders. Can you tell us what results these meetings and talks have produced? How do you see Sino-Bangladesh relations at present and what would you say about their future?

A: China and Bangladesh enjoy a very close special relationship. Exchange of visits at the highest and other levels take place regularly between these two countries affording opportunities to have exchanges of views on issues of mutual interest between the leaders and to undertake measures for co-operation with each other for the mutual benefit of their peoples. Thus, these contacts on a continued basis have reinforced this special relationship of our two countries. It is in this tradition that I have had a fruitful round of talks with the Chinese leaders. I consider the present Sino-Bangladesh relations not only special but uniquely comprehensive in that it not only covers a broad spectrum of political, economic, trade, cultural, sports and other aspects, but it is also based on a refreshingly identical views on most of the issues on the international plane. Naturally I foresee more fruitful, close and mutually beneficial relations between Bangladesh and China in all spheres in the future based on our similarities of perceptions on regional and international issues and common desire for the improvement of the quality of life of our peoples.



Beijing's Vocational Education

Since 1980, Beijing has set up many vocational schools in line with the central government's decision to readjust the structure of secondary education. They play the twin roles of combining school education with on-the-job training. Specialities now available include foreign exchange banking services, foreign trade, hotel service, cooking, fashion design and garment making.

by Our Photographer Xue Chao

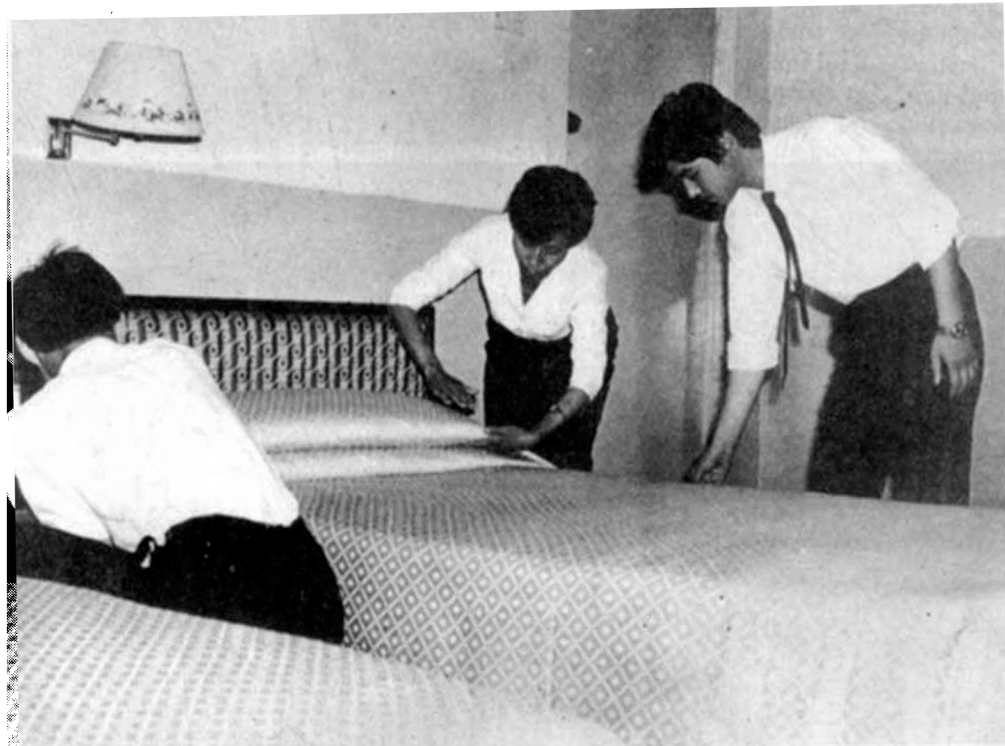
Over the past three years, the Beijing Vocational Foreign Languages School has trained 180 people for foreign trade departments.

The language laboratory at the school.





Students of the Jinsong Vocational Senior Middle School learn to prepare Western cuisine.



A teacher (centre) shows students how to make a hotel bed.

Students of the hotel service department learn how to lay a table.



Fashion show given by students from the clothing design department of the Jinsong school.

A student from the Jinsong school cooks a Chinese dish.



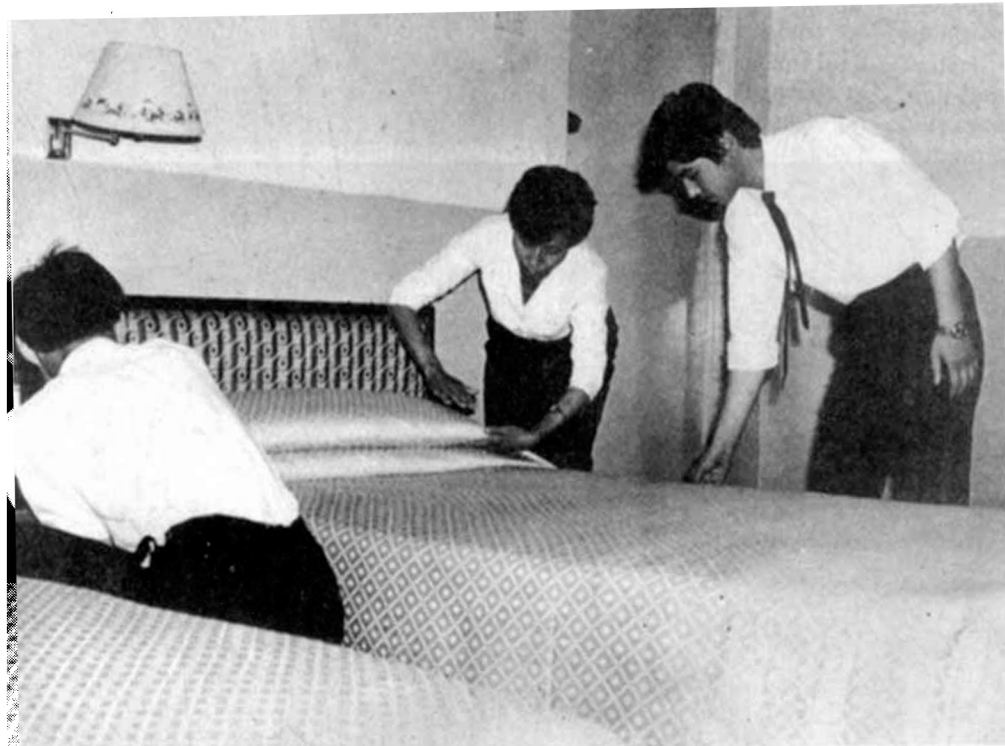
Liu Yang (right), a third-class prize winner in the 1988 national dress designing competition, with her teacher.



A student in the clothing-making department at work.



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Liu Yang (right), a third-class prize winner in the 1988 national dress designing competition, with her teacher.



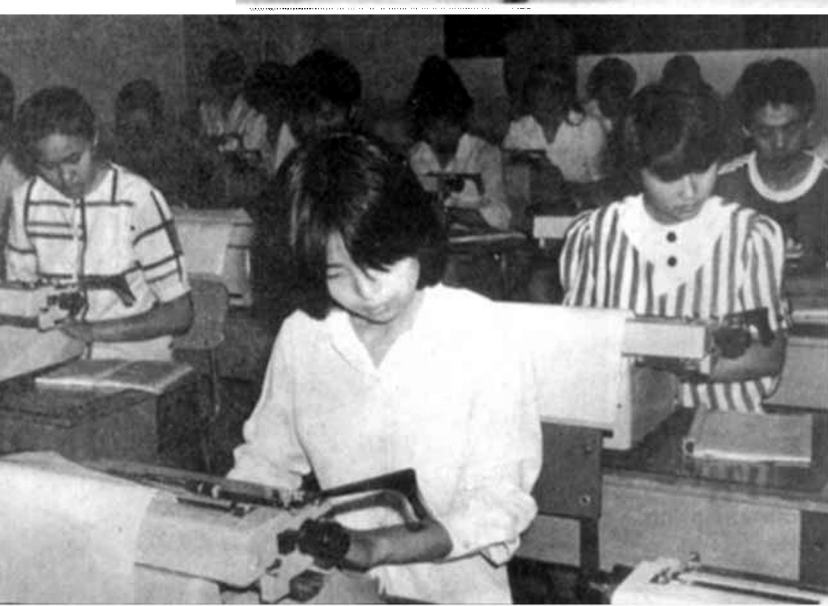
A student in the clothing-making department at work.



Qu Hongfu (second, left), deputy head master of the Beijing Vocational Foreign Languages School goes to the Bank of China, which hires students from his school, to solicit opinions on how the school can be improved.



Students from the Foreign Languages School gets hand-on experience at the Bank of China.



Students of the Beijing Foreign Trade Vocational School learn to type.

Increase in Farmers' Income Between 1983 and 1987

The past five years have seen up-and-down changes in the growth rate of farmers' incomes. Between 1983 and 1985, there was a big increase in income with an average growth rate of 13.8 percent a year. In 1986, the figure dropped to 6.6 percent, rising to 9.1 percent in 1987, still markedly lower than in the 1983-85 period. Summed up in monetary terms, an average farmer's net income rose from 270.11 yuan in 1983 to 462.55 yuan in 1987.

The main reason for the big increase between 1983 and 1985 was the wide implementation of the contract responsibility system based on the household in rural areas. The rigid and inefficient managerial system of the people's communes was reformed, and farmer households were restored to their traditional role as the mainstay of agriculture. Combined with the 1979 rise in purchasing prices for agricultural and sideline products, output was increased dramatically.

The 1979 rise in purchasing had spurred farmers to go for short-term gains, and so they failed to maintain the agricultural infrastructure which had been gradually built up over many years.

Because inadequate attention had been paid to long-term agricultural growth and accumulation funds for modern production elements had been lacking, the productive forces of agriculture rose only a little.

- The price of industrial products and especially of means agricultural production had risen fast;

- In rural areas, non-agricultural incomes were higher than agricultural ones, and so the farmers' interest in agricultural production had dropped drastically;

- Land operation on a small scale was insufficient in itself to generate a fully developed commodity economy;

- Farmers found it hard to adjust to the newly emerging agricultural market, still being accustomed to "doing what they were asked to do."

Price variations have also exerted a great influence on farmers' incomes. From 1983 to 1987, farmers' per-capita net income rose from 270.11 yuan to 462.55 yuan; 70.55 yuan (36.7 percent) of the growth was due to prices for agricultural products being raised. (The figures for each year being: 1983—16.6 percent, 1984—16.5 percent, 1985—37.5 percent, 1986—51.5 percent and 1987—69.9 percent).

But these national figures, however, do not reveal the increasing disparity in farmers' income growth between the different parts of China. In 1982, the ratio of farmers' incomes in the east, central and west economic regions was 1.3:1.1:1, growing to 1.6:1.2:1 in 1987. Because of historical, cultural, communication and geographical reasons, these gaps can hardly be removed in the near future. Indeed, it is estimated that they will expand further in the years to come.

In 1986, the year when nationally farmers' income growth was down to 6.6 percent, economic growth dropped in the

west region by 12.7 percent compared with only 2.2 percent in the east. As the west is already home to most of China's poorer rural population, this big fluctuation in farmers' income will hinder efforts to deepen reform in the countryside.

In 1978, the percentage of farmers' net income from family-run operations made up only 26.8 percent—66.3 percent came from the collective. Yet by 1984 the figures had reversed, with the family contributing over 80 percent and the income obtained from the collective and economic associations only around 15 percent. In 1986, this figure dropped to 9.2 percent, smaller than the nonproductive income.

However, with the reforms proceeding in depth since 1987, the new co-operatives are now playing a growing role in guiding farmers to enter the market, offset risks, scale management properly and increase their incomes. In 1987, the percentage of farmers' incomes from the collective and economic associations was 9.9 percent, or up 0.7 percent from the previous year, and it is expected that this share will keep growing.

The ratio of agricultural to non-agricultural income has also changed. For farmers in 1982, the former was 74.4 percent and the latter 12.4 percent. With rural reform, farmers can now freely budget their own labouring hours with the result that in 1987 the share of income from farming had dropped to 65 percent and that of non-agricultural risen to 25.4 percent.

Provisions of the State Council of the People's Republic of China for the Encouragement of Investment and Development in Hainan Island

(Promulgated on May 4, 1988)
(Unofficial Translation)

Article 1

The present provisions are hereby formulated to facilitate attraction of both domestic and foreign investment and to accelerate the development and construction of Hainan Island.

Article 2

For the Hainan Special Economic Zone, the state has adopted a more open and flexible economic policy and grants the People's Government of Hainan Province a greater measure of autonomy.

Article 3

The state encourages both domestic and foreign enterprises, other economic entities and individuals (hereinafter referred to as investors) to invest in and develop Hainan Island, and to engage in different kinds of economic and social activities.

Article 4

The state protects the legitimate rights and interests of the investors in accordance with the Chinese law. The state shall not nationalize nor expropriate the property of the investors. The state shall only nationalize or expropriate the property of the investors under special circumstances where the needs of the public and society dictate such actions. Under such circumstances, the state shall nationalize or expropriate the property of the investors by following legal procedures and providing appropriate compensation.

The investors must abide by the Chinese laws and regulations.

Article 5

The investors may invest in or run their business in Hainan Island under the following arrangements:

(1) Establishing Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures and wholly foreign-owned enterprises (hereinafter referred to as enterprises with foreign investment) and other kinds of enterprises that are permitted by the law. The operational period of

each enterprise shall be decided by its partners and specified in the contract or shall be approved by the relevant department in charge;

(2) Buying negotiable securities like stocks and bonds;

(3) Taking over the operation of an enterprise by purchasing, and injecting new capital or contracting, and leasing; and

(4) Adopting any internationally accepted commercial practice to promote economic and technological co-operation and exchange.

Article 6

The land-use right of all state-owned land on Hainan Island is open to paid-transfer.

The Hainan provincial government may, according to the law, lease the land-use right of a piece of state-owned land to the investor. Different pieces of land may have different lengths of tenure, depending on the type of industry and the specific conditions of individual projects. However, the maximum tenure is 70 years and is subject to extension upon approval if necessary.

Investors are allowed to transfer their land-use right according to the relevant provisions.

Article 7

Mineral resources in Hainan Island may be explored with compensation in accordance with the law. With regard to the exploration of those mineral resources specified in state provisions, an application for exploration shall be submitted for approval to the state department in charge. The application for exploration of other mineral resources shall be submitted to the Hainan provincial government for approval. The investors are permitted to conduct prospecting and exploration for mineral resources by establishing equity joint ventures, contractual joint ventures or wholly foreign-owned enterprises.

Article 8

The investors may invest in such infrastructural facilities as docks, harbours, airports, highways, railways, power stations, coal mines and

water conservancy projects through equity joint ventures or contractual joint ventures. They may operate specific infrastructural facilities for special purposes through their wholly foreign-owned enterprises. By following the relevant state provisions, investors are allowed to invest in different types of enterprises and businesses offering services related to the above-mentioned infrastructural facilities so that they may manage their infrastructural facilities by offering comprehensive services.

Article 9

Depending on the needs of economic development and subject to the approval of the People's Bank of China, investors may be permitted to establish foreign-owned banks, Chinese-foreign joint venture banks or other financial institutions in Hainan Island.

Article 10

All establishment applications for economic or public service activities in Hainan Island are subject to examination and approval by the Hainan provincial government. If scope and the total amount of investment of the activity concerned exceed the approval limits authorized by the state to the Hainan provincial government, special application shall be made according to the procedures set by the state.

Article 11

The Hainan provincial government is authorized to examine and approve the import of construction materials and production and management equipment to be used as investment by an approved enterprise, the raw materials, parts, packing materials and other materials for use in production or business operation of an enterprise and the transport facilities and office supplies (for official use) of an enterprise.

Article 12

The income derived from production and business operations and the income derived from other sources by an enterprise established in Hainan Island (except state banks and insurance companies) are subject to a 15% corporate income tax and an additional 10% local surtax, of which:

(1) Enterprises engaged in the construction of such infrastructure facilities as docks, harbours, airports, highways, railways, power stations, coal mines and water conservancy projects, as well as the development of agriculture, and with a minimum operational period of 15 years shall be exempt from the corporate income tax for the first five profit-making years, followed by a 50% reduction of the

said tax in the next five profit-making years;

(2) Enterprises engaged in productive industries such as manufacturing, communications and transportation with a minimum operational period of ten years shall, starting from their first profit-making year, be exempt from the corporate income tax for the first two years, followed by 50% reduction of the said tax in the next three years and, those enterprises which have been accorded the status of "technologically advanced enterprise" shall enjoy 50% reduction of the corporate income tax for another three years;

(3) Enterprises engaged in such productive operations as industry and agriculture, whose output value of export products in a year amounts to 70% or more of the total output value of all products for the same year may continue to pay their corporate income tax at a 10% reduced tax rate after expiration of the exemption and reduction periods as stipulated;

(4) Enterprises engaged in the service industry with a total investment of more than US\$5 million or 20 million yuan and a minimum operational period of more than ten years shall be exempt from the corporate income tax for the first profit-making year, followed by a 50% reduction of the said tax in the second and third profit-making years.

The Hainan provincial government may grant exemptions and reductions of the local surtax to enterprises established in Hainan Island.

Article 13

Except those overseas investors who have been granted exemptions according to the law, other overseas investors with no establishments in Hainan Island are subject to a 10% income tax on dividends, interest, rentals, royalties and other income obtained in Hainan Island. The People's Government of Hainan Island is authorized to grant exemptions and reductions on such income if necessary.

Article 14

In Hainan Island, both enterprises with foreign investment and enterprises with 25% foreign equity share enjoy the right to engage in import and export businesses. Other enterprises may enjoy the same right to import materials needed for their own production and operations, and to export their own products subject to approval by the Hainan provincial government.

Article 15

Enterprises in Hainan Island are exempt from Customs duties and product tax or value-added tax for imported machinery and equipment, raw materials, parts, communications and transport-

ation facilities and other materials, as well as office supplies needed by the enterprises for their own construction and production uses.

Goods imported by enterprises in Hainan Island for sale on the island are subject to Customs duties and product tax or value-added tax at half the original rate.

Article 16

The state encourages enterprises in Hainan Island to export their products. Except crude oil, oil products and some products which have been specified in the state provisions, export products of enterprises in Hainan Island are exempt from export Customs duties. For those export products for which product tax or value-added tax have already been paid, the enterprises concerned are entitled to a refund of the paid tax.

Article 17

Most of the products produced by enterprises in Hainan Island are exempt from product tax or value-added tax when they are sold on the island except mineral oil, cigarettes, wine and some products which have been specified in the state provisions. Mineral oil, cigarettes, wine and those specified products are subject to product tax or value-added tax at half the original rate. Imported materials and parts used in products made by enterprises in Hainan Island and sold in other regions in China may be exempt from Customs duties and product tax or value-added tax or may be allowed to make up for the payment of Customs duties and product tax or value-added tax subsequently in accordance with the provisions stipulated in Article 15.

Enterprises are free to sell their products in other regions in China unless their products are those whose import is restricted by the state. In the latter case, the import of such products is subject to approval according to the state provisions. For ordinary products, enterprises shall pay the product tax or value-added tax according to the provisions when the products are sold in other regions in China; materials and parts used in products produced by enterprises in Hainan Island are required to make up for the payment of Customs duties and product tax or value-added tax subsequently according to the provisions when the products are sold in other regions in China.

Enterprises with foreign investment in Hainan Island may apply for "import substitution" treatment when the enterprises sell their products in other regions in China and the products are qualified under the state provisions for import substitution.

Article 18

Enterprises in Hainan Island are allowed to retain all their foreign exchange income in cash including income from export products and other business activities subject to the administration of the local People's Bank of China.

Enterprises are allowed to trade foreign exchange in the foreign exchange adjustment (swap) centers in Hainan Island or other regions in China so that they may balance their foreign exchange accounts.

Article 19

Overseas investors are free to remit profits abroad through the foreign exchange accounts of their enterprises in Hainan Island. No remittance tax will be levied.

Overseas investors who reinvest in China their share of profits derived from their enterprises in Hainan Island for a period of no less than five years are entitled to a refund of 40% of the income tax already paid on their reinvested portion. In case the reinvestment is made for the construction of infrastructure facilities or enterprises engaged in the development of agriculture in Hainan Island as well as the establishment or expansion of export-oriented enterprises and technologically advanced enterprises, the investors are entitled to a 100% refund of the income tax already paid on their reinvested portion.

Domestic investors are free to remit profits derived from their enterprises in Hainan Island to other regions in China. Their remitted profits are exempt from income tax for ten years starting from their first profit-making year.

Article 20

All foreigners from regions and countries which have diplomatic relations or formal trade relations with China who plan to stay in Hainan Island for investment or business negotiations, economic and technological exchange, visiting relatives or travel for a period of not more than 15 days, may directly go through visa application formalities at the port of Haikou or Sanya. Visitors with a valid reason may apply for extensions or extra visas if they wish to extend their stay in Hainan Island or to travel to other parts of the country according to the relevant provisions.

Multiple-entry visas may be issued by the relevant departments of the People's Government of Hainan Province on the basis of an application submitted by foreigners stationed in Hainan Island, foreigners who invest in enterprises in Hainan Island or participate in the development of Hainan Island and their family members.

(Continued on p.30)

Vagrants in the Capital

"GONGREN RIBAO"

(Workers' Daily)

In long-distance bus stations in remote districts, in trains, and at urban railway stations, docks and side-streets, one may see many raggedly dressed vagrants with satchels over their shoulders and bedding rolls on their backs.

Of the 180,000 passengers coming in and out of the Beijing Railway Station every day, 23.4 percent come from other parts of the country in search of jobs in the capital.

According to a recent survey, Beijing now has 478,000 vagrants who stay for more than three months. This accounts for 57.2 percent of Beijing's total floating population.

At nightfall, many people can be found sleeping in the square in front of the railway station and in the waiting rooms. A few of them are passengers transferring trains in Beijing, but most are vagrants.

Vagrants have long been a social fact of life in China. During the 1950s, they were mainly idlers and deaf-mutes. From the 1960s to 1970s, they were visitors from other localities appealing to higher authorities for help. But in the 1980s, 60 percent of the vagrants are farmers who have come to the cities for jobs.

The implementation of the contract responsibility system in China's rural areas over the past few years has freed a large number of rural labourers from their land. Although town- and village-run enterprises and rural sideline production have provided some job opportunities, they cannot afford to carry all the surplus labour. Some rural labourers

have, as a result, begun to flow to urban areas.

These simple farmers often come to the city with illusions of earning big money. But when they arrive they realize things are not so easy. A young vagrant at the Beijing Railway Station said he dared not leave the station for fear of being taken in or losing his way. Now, he has no money and must pick up leftovers in nearby restaurants for food.

There are also four young people from Anhui Province. Carrying with them their bedding rolls and tools, they came to the capital eager to find construction work. They spent more than 20 days looking for work, often coming back disappointed. In the end, one of the group members had to stay in the railway station to look after the luggage while the other three went begging for food.

Of course, some of the vagrants do get lucky. After a while they start to fit in with urban living and understand the needs of the city. For these few the risk of leaving their homes paid off and they now live happily in urban areas.

(June 5, 1988)

Hard to Place University Graduates

"ZHONGGUO XINWEN"

(Chinese News)

China's recent reforms have had a heavy impact on the system of centralized placement of college graduates. The difficulties involved in placing graduates has become a problem which should not be ignored by institutions of higher learning.

Since the founding of the People's Republic in 1949, college graduates on the mainland have been assigned jobs by the government. During the 1950s and early 1960s, many graduates, responding to government calls, eagerly went to rural and border areas, to wherever the government and people needed them most. But in recent years things have changed.

More and more graduates are reluctant to leave the city and prefer to work in large enterprises. Very few are willing to work in medium-sized or small cities and enterprises in remote areas. But

the larger cities and enterprises are now filled to capacity.

Of the total number of 1987 graduates from Beijing's universities and colleges, 655 were rejected by the employers to whom they had been assigned. University and college authorities had to find second placements for them, which multiplied the difficulties involved in job assignment. This has happened not only in Beijing's institutions of higher learning but in universities and colleges all over the country.

The problem is not that China's supply of graduates has exceeded demand. The core of the matter is that the jobs graduates prefer are already filled, but no one wants to go where he is most needed. The employers who rejected last year's 655 Beijing graduates were mainly large units in the capital and big cities in other provinces. Few were from medium-sized and small cities or enterprises in the suburbs of Beijing, where now talent is very much needed.

The rejections were also an

indication of the need to reform the system of centralized placement of college graduates. With reforms to the assignment system, employers are granted more power to select from college graduates. Now many units refuse to accept graduates who are in bad health or have poor grades.

The deepening reform and opening to the outside world have also brought a change in society's requirements for college graduates. Many enterprises want assignment work to offer some choice to both employers and graduates. Thus, those students wishing a good job or work in an ideal unit after graduation must study hard and offer much more to prospective employers.

The State Education Commission has made some attempts at reforming job assignment for university graduates. It has decided that students entering universities or colleges in 1989 must find their own jobs after graduation through the labour market or talent exchange centres; institutions of higher learning should supply employers with information on graduates a year in advance, and at the same time, employers could present their

requirements; each graduate should submit his or her applications and the university or college provide written recommendations. After employers'

examination requirements have been met, a contract should be signed between the graduate and employer.

(April 22, 1988)

The Mainland, Marriage and Taiwan

"FAZHI RIBAO"

(Legal Daily)

Recently, an officer of the Supreme People's Court said that while the mainland upholds the principle of monogamy, its judicial organs will not actively interfere in the remarriages of people who went to Taiwan before 1949.

The Supreme People's Court and the Supreme People's Procuratorate jointly announced on March 14, 1988 that Taiwan residents will not be held responsible for crimes committed on the mainland before liberation. Similarly, remarriages formed under these special conditions will not be interfered with.

If the original spouses on the mainland want to dispute remarriages, both sides should attempt

to resolve the matter through discussion. Only if this fails should spouse file a civil lawsuit.

To stabilize present marriage and family relationships. All divorces granted by the People's Court because a spouse went to Taiwan are valid. People who have established second marriages have their relationships protected by the law.

If the two partners did not divorce after their separation and the person living in Taiwan has married again or lived with another person as husband or wife, this relationship should be acknowledged and not viewed as bigamous. Unless a litigant files a suit, there should be no judicial interference. If one of the partners wants to renounce the marriage, the courts will deal with it as a divorce case.

(June 7, 1988)

(Continued from p.28)

Article 21

With respect to entry to and departure from Hainan as well as transit to other parts of the country, no visa application is required from compatriots from Hong Kong, Macao and Taiwan and overseas Chinese who carry valid passports or other travel documents issued by the departments in charge under the Chinese State Council or by other authorized departments. Compatriots from Taiwan may apply for the "Travel Certificate for Compatriot from Taiwan" directly at ports of Hainan Island.

Unless otherwise stipulated by the state, the Hainan provincial government is authorized to examine and approve the exit applications of Chinese personnel of Chinese units in Hainan

Island when these units concerned send economic, trade or travel organizations abroad to establish enterprises.

Article 22

Matters not stipulated in the present provisions shall be dealt with by the People's Government of Hainan Province by referring to the relevant state regulations on Special Economic Zones.

Implementational measures for the present provisions shall be jointly formulated by the departments in charge under the State Council and the People's Government of Hainan Province.

Article 23

The present provisions shall go into force as of the date of their promulgation. ■

Rocket Launches Hold No Threats

The entrance of China's satellite launching business onto the international market holds no threats for the commercial rocket trade of other countries. Yu Fusheng, deputy general manager of the Great Wall Industry Corp., said recently.

Yu's company is the only one in China that offers to launch payloads into space. At present, he said, they can send four rockets up a year. Only cargoes that will promote the peaceful development of space will be transported.

Some foreign rocket companies have criticized China for the low price of its rocket launching service, claiming it receives state subsidy. Yu denied this, and said that the principal reason for the cheap service was China's low labour costs. He added that because the business was still in its initial stage, they offered discounts to attract customers like many other international companies.

China's satellite launching service uses the Changcheng (Great Wall) series of rockets. The Changcheng-II principally carries retrievable satellites, of which China has launched and recovered 11 so far. The Changcheng-III launches earth synchronous satellites, such as the three telecommunications ones China now has in orbit.

Research on modifying the Changcheng-II and Changcheng-III versions and on producing Changcheng-IV is now under way. And before the end of 1989, the Changcheng-IV version should be used to launch a satellite for the Asiasat Consortium.

Since 1985, the Great Wall Industry Corp. has launched payloads into space for a French company and a West German

company. It now has ties with more than 40 companies from 20 countries.

Kuandian Steps Up Mineral Output

Kuandian County, standing among the mountains of the Liaodong Peninsula's Yalujiang valley, is rich in boron and magnesite.

So far, 15 million tons and 38 kinds of boron have been discovered, but there are prospective reserves of 150 million tons. Industrial processing of the mineral has been stepped up recently as boron can be used to produce more than 150 kinds of products.

The annual recoverable output of boron has risen from 300 tons in 1971 to 175,000 tons last year—50 percent of China's total. The county also has five factories that produce 33,000 tons of boron sand and 14,000 tons of boric acid annually.

Kuandian's reserves of magnesite are predicted at 100 million tons; proved deposits now amount to 43 million tons.

A total of 15 million yuan, including some foreign investment, has been used to establish three magnesite processing plants: a metal magnesite plant with an annual output of 1,500 tons, a magnesite chrome plant with an annual output of 5,000 tons, and a high-grade magnesite powder plant.

The county also has ten magnesium oxide kilns producing 54,000 tons a year of export-quality output. Its magnesite is used for products such as firebricks.

News In Brief

■ More than 200 international space industrial companies and organizations will be invited by China to take part in the SPACE '89 Exhibition and the 40th International Astronautics Federation to be held in Beijing from October 7-13.

At the fair, the first of its kind to be held in China, experts from around the world will conduct wide-ranging academic exchanges on astronautics, transporting goods to and from space, space stations, telecommunications satellites and the life sciences.

During the exhibition, the China Astronautics Institute will organize trips to China's rocket testing centre in southwest China's Xichang to view Chinese space technology. There will also be opportunities for technical exchanges and talks on co-operation and trade.

■ The American company Polaroid Far East Ltd. recently held an exhibition in Beijing for representatives responsible for security passes and identification papers in China's provinces.

This was Polaroid's first major technical show in Asia. On the Chinese side, it was sponsored by the Ministry of Public Security's No.1 Research Institute.

■ Four companies from China, Britain and Singapore signed a joint venture agreement to produce digital telephone exchanges and set up a digital telephone equipment company in Shanghai on August 10 in Beijing.

Britain's GEC-Plessey will transfer the design and manufacturing technology of its digitally stored programme-controlled ISDX exchange to China and train Chinese engineers to produce the system independently.

The joint venture has a registered capital of US\$4 million and a 15-year contract. It will produce 100,000 channels annually for sale on both domestic and international markets.

Noted Scholar Liang Shuming

Noted Chinese philosopher, educator and social activist Liang Shuming died on June 23 at the age of 95.

On his deathbed, he comforted his descendants saying, "Life is limited. I've lived a long life. It was very good that I have lived till now." In his last minutes he simply said, "I am very tired. I want to have a rest."

Liang was a scholar specializing in the history of Chinese literature, philosophy and ideology. His lifetime work was based on a lofty ideal of national self-salvation and national rejuvenation.

Liang was born to a family of gentry-scholars at a time when various big-power nations were invading a poor and weak China. Western culture was also making its way into the nation, giving the age old Chinese traditional culture a severe battering. All these factors greatly influenced Liang during his childhood. He studied Western natural and social sciences at school, and at the same time, learned Chinese poems and classics.

In 1918, the 24-year-old Liang was invited to teach for the philosophy department of Beijing University. For seven years, he was in touch with Beijing University's Chen Duxiu, Li Dazhao, Hu Shi and others. He studied assiduously every day, laying a sound foundation for his life-long system of thought.

In the 1920s and 30s Liang devoted himself to philosophy and the study of theory and practice in rural construction. In 1921 he published *East and West Cultures and Their Philosophy*, his first monograph which systematically dealt with different cultural



Liang Shuming.

XINHUA PHOTO

systems. Its publication had widespread repercussions in ideological circles.

Liang's book made an overall analysis of the emergence, philosophical basis and status in history of three cultures—Chinese, Indian and Western. It also analysed fundamental differences between different national cultures. Liang believed that Western culture generally maintains a forward trend, while Chinese culture—mainly referring to the Confucian doctrine—advocates compromise and mediation, and Indian culture represents a backward trend.

Liang said that China must move away from the Indian culture in its future development, and adopt the scientific and democratic spirit of the Western culture. He said China's culture needs to be revitalized after criticism and reforms. Poor

practices in Western society would lead man eventually into a disturbed time of spiritual unrest. Liang said the socialist tendency in Western countries and other ideological trend are identical to that of China's culture. So human culture would gradually enter into an era dominated by Chinese culture from the one previously represented by Western culture. The future of mankind would soon see a Renaissance of the Chinese culture.

After the book *East and West Cultures and Their Philosophy*, Liang went on to publish *The Last Awakening of the Chinese National Self-Salvation Movement* in 1932, *Theory on Rural Construction* in 1937, and *Main Ideas in Chinese Culture* in 1949. His last two works, *Human Mind and Human Life* and *Outline of Oriental Learning* were published in 1984 and 1986 respectively. Although these books vary in subject matter and approach, they all contain one basic idea—that the cultural issue is fundamental to China, while national self-salvation requires cultural reform. The ways to reform are set down in the book *East and West Cultures and Their Philosophy*.

Philosopher Zhang Dainian, 20 years Liang's junior, said Liang was loved and respected by generations of China's scholars and students. Perhaps the following points indicate why he gained such a following: Liang was a profound thinker with a deep understanding of Chinese traditional philosophy including Confucianism, Taoism and Buddhism. He was a patriotic thinker fighting enthusiastically

for national self-salvation. He persisted in independent thought and never gave in to the influence of others in vogue.

"But we cannot look on him simply as a philosopher or thinker," said philosopher Feng Youlan, who attended Liang's lectures at the Beijing University in early 20s. "Liang was a political and social activist."

Liang's personal history record on file reads as follows: In 1912 he joined the Chinese Revolutionary League's Beijing-Tianjin Branch (the league was organized and initiated by Sun Yat-sen and a group of bourgeois revolutionaries. It made ideological and organizational preparations for the 1911 Revolution). He served as editor and correspondent for the *Tianjin Paper of the Republic of China* sponsored by the branch. From 1929 to 1937, he became involved in the rural construction movement in Henan and Shandong provinces, and set up a number of research institutes for rural construction. In 1940, he helped initiate the China Democratic League to build internal unity and fight against Japanese aggression. He took part in the Political Consultative Conference in Chongqing in 1946 and then participated in negotiations between the Kuomintang and the Communist Party on behalf of the China Democratic League. After the founding of New China, Liang served as a member of the National Committee of the Chinese People's Political Consultative Conference, and a member of its Standing Committee.

Liang and many other scholars set up the Cultural Academy of China in 1984. This civilian-run academic organization devotes itself to the study and teaching of Chinese traditional and developing cultures, comparing them with Western cultures. Liang was also active as a teacher at the academy.

Cui Lili

Rich Finds In Ancient Village

Important archaeological finds have been made at an ancient village site in central China's Hubei Province after ten years of excavation.

The village, 4,000 square metres in area, has been identified as neolithic (late Stone Age or 2,000-4,000 BC). Half of the village has now been excavated at Guanmiaoshan, Zhijiang County.

Foundations of ten red clay houses, with solid reddish brown walls, have been uncovered. Inside them are bag-shaped cooking stoves, large at the base and small at the brim, each three or four linked one with another by an inner pipe. Dating back 5,900 years, they are both the earliest and the most structurally complex of any neolithic stoves discovered in China.

Archaeologists have unearthed 300,000 pottery fragments, from which more than 1,000 pieces, including coloured cylindrical vases, a thin pottery bowl and small black pottery dishes with high stands have been restored. The pottery bowl, one to one-and-a-half millimetres thick, is brightly painted and elaborately decorated. Also believed to be 5,900 years old, this is the oldest neolithic painted pottery of its kind to be found in China.

Several pottery basins with an inward curling brim have been identified as contemporaneous with the bowl. One of them, 26.1 cm high and 76 cm in diameter, is the biggest ever discovered in the country.

Archaeologists believe that the village belongs to the "Daxi Culture," as similar stoneware, pottery, worked bones and jade were discovered at Daxi in nearby eastern Sichuan Province in 1958, and later in Hubei and Hunan provinces.

The Guanmiaoshan house foundations are, however, the best-preserved, the most complex structurally, and with the most abundant finds of any Daxi sites so far uncovered.

The excavation of a large number of fish and animal bones, deerhorns and rice husks at the site indicates that the people of Guanmiaoshan subsisted on fishing, hunting and farming, and that their society had already reached a relatively advanced stage. ■

Big TV Festival Set for Shanghai

Some 106 groups from more than 40 countries and regions including the United States, Japan, Britain, Canada and Federal Germany have signed up to participate in a television festival to be held in Shanghai this October.

Forty TV stations have entered 32 telefilms and 61 documentaries in the competition. Other groups will take part in technical interchanges, programme exchanges and a TV equipment trade fair.

Dutch director Joris Evans and Chinese writer Ba Jin have been invited to be the honorary chairmen of the competition's panel of judges. ■



Tourism Industry Gains Momentum

China's tourism industry made satisfactory progress in the first half of this year, the National Tourism Administration said on August 15. The number of tourists coming to China's mainland increased sharply.

From January 1 to June 30, the total number of travellers arriving from off the mainland topped 15 million, a rise of 19.5 percent over the same period last year. Foreign exchange earnings from tourism rose to US\$1 billion, a 26.6 percent increase.

The largest group of tourists came from Hong Kong, Macao and Taiwan. A total of 14.15 million travellers fell into this group, 20.1 percent more than in the year-earlier period. The number of overseas Chinese tourists rose by 21.2 percent to reach 41,290, while the number of foreign travellers increased by 9.8 percent of 852,000.

More Taiwanese are coming to

the mainland for sightseeing or to visit relatives, thanks to improved relations between the two sides of the Taiwan Strait and the mainland's open policy. In the first half of this year, the mainland welcomed about 168,000 Taiwanese travellers.

The largest number of foreign tourists came from Japan. There were 286,400 Japanese visitors, 15.4 percent more than in the corresponding period last year. The number from Europe reached 184,800, an 11.6 percent increase. Tourists from the United States, however, who used to form the second largest group, numbered only 133,400, 6.3 less than in the 1987 period.

One analyst said, "Since 1988 is an election year in the United States, many Americans in the more affluent classes, who account for the majority of those who visit China, possibly prefer to stay at home. This might be a

reason for the decrease."

In addition to the US presidential election, an administration official cited transport accidents and outbreaks of epidemic diseases early this year as reasons for the decrease.

The large increase in foreign exchange earnings was possible mainly because 1988 is China's International Tourism Year and many large cities and tourist spots have organized special tourist attractions and activities such as fairs, dragon boat races, and ice sculpture and lantern festivals. Higher spending by tourists and price increases for articles purchased by tourists also help account for the higher earnings.

But foreign exchange income from sales of tourist articles fell in the first half of the year. Earnings from such sales accounted for 31 percent of the total tourism income, a drop of 6 percent compared with the year-earlier period.

The most serious problem in the way of tourism development is still inadequate transportation, experts say. Tourists became increasingly worried about transport problems after serious train and plane accidents early in the year.

Difficulties in getting tickets also left some travellers stranded. Some tour groups experienced delays or changes to their itineraries. Thousands of Taiwanese who came to the mainland for the first time to visit relatives were unable to travel according to their plans.

The decision to raise the prices of plane tickets on 56 domestic routes to major tourist cities and to unify the air ticket prices for Chinese and overseas passengers between July 20 and October was one of the measures taken to alleviate the problem. The Civil Aviation Administration of China has also decided to increase the number of flights later this year.

Despite the scorching weather, many foreign tourists choose the summer to visit Chongqing, one of the country's "stove cities." Here they queue up for train tickets.

LIU QIANGANG



Chinese Paintings by Yu Run

Yu Run was born in Tangshan, Hebei Province in 1935.

He studied under the guidance of the famous Chinese artists, Li Keran, Ye Qianyu and Qin Zhongwen, undergoing strict training in basic painting skills and specializing in Chinese landscape. His strokes are bold and vigorous, with a dignity which leaves one to ponder over each piece.

Yu is now vice-president of the Tangshan Studio of Painting and Calligraphy.



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Ancient Great Wall.

ART PAGE



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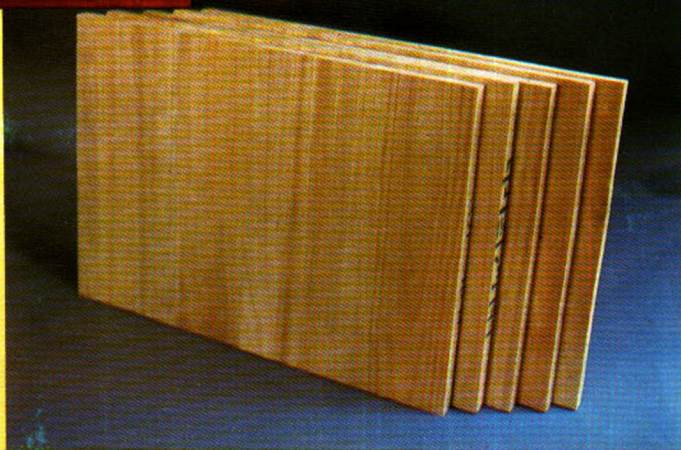
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