

Vol. 28, No. 26

July 1, 1985

# BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF  
NEWS AND VIEWS

**North, South Co-operate for Common Prosperity**

**Sichuan Takes in Foreign Funds**

*Hongshui gives More Power*



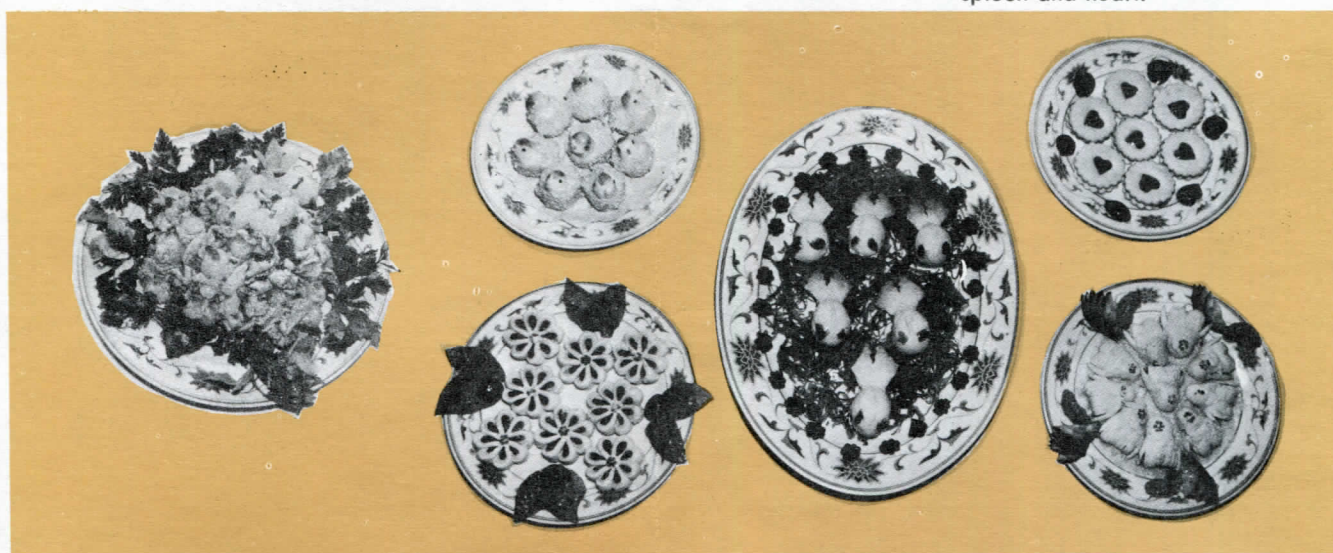


## Medicinal Food Restaurant

The Medicinal-Food Restaurant, jointly managed by the Tongrentang Pharmacy in Beijing and the Yanjing Hotel, produces traditional Chinese medicinal-food. Its dishes are both nourishing and therapeutic.

Pharmacist and chef mix medicinal materials.

Tuckahoe pastries are good for the stomach, spleen and heart.



Longan with sliced silky chicken — an effective tonic for women.

### SPOTLIGHT



A waitress explains the fine points of medicinal cuisine to customers.



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<b>COVER:</b> The Yantan Hydroelectric Power Station on the Hongshui River under construction. Photo by Xu Shengcong	

## HIGHLIGHTS OF THE WEEK

### ***Hongshui River to Provide More Power***

The richly endowed yet little-known Hongshui River will soon become a major power supplier. When 11 planned power projects are completed by the end of the century, they will generate some 60 billion kwh of electricity each year (p. 14).

### ***Landlocked Province Readies for New Age***

Sichuan, with its vast potential market of 100 million people, is attracting overseas investors in spite of its distance from coastal ports. A recent investment symposium in Chengdu has paved the way for further trade with foreign countries (p. 20).

### ***North-South Co-operation for Mutual Gain***

North-South economic co-operation could connect the advanced technology and capital of the North with the abundant natural and labour resources of the South. It may well be the only way to bring prosperity to people all over the world (p. 18).

### ***Looking Back at a China Watcher***

*Right in Her Soul*, written by Anna Louise Strong's grand-nephew and his wife, tells the story of this famous journalist's very full 84 years of life in the United States, the Soviet Union and China. The authors describe her thoughts, her hopes, her strengths and weaknesses, as well as her overpowering drive to fulfil what she knew was her destiny (p. 28).

### ***Easing Water Shortages Brooks No Delay***

Despite its progress in developing waterworks since 1949, China is still plagued by chronic water shortages, which have become a stumbling block to its economic growth. To solve this problem, the government is encouraging conservation while developing new water sources and drafting laws to protect its water resources (p. 4).

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# Water Lack Calls for Action

by **WANG DACHENG**  
(Economic Editor)

China's cities are plagued by serious water shortages.

At present, 188 Chinese cities are short of more than 10 million tons of water a day. In 40 cities, the situation is more grave. The problem has become a major stumbling block for China's economic development.

Since the founding of New China, great progress has been made in developing urban waterworks. By the end of 1984, a daily supply of 39.07 million tons of running water was available to 89.02 million people, or 83 percent of the country's urban residents. In addition, industrial enterprises generate supplies of 65.6 million tons a day for their own use. In spite of this, water supplies are still far short of demand.

There are many reasons for the water shortage, but the main ones are:

— The increasing reduction of water resources in the cities due to rapid urban development, dramatic increases in industrial use, and a lack of unified management leading to overexploitation of resources;

— The low rate of recycling, which now accounts for only a little more than 20 percent of all industrial water supplies;

— The lack of equipment for disposing of waste water. At present, 98 percent of the waste water generated in urban areas cannot be treated, and 86 percent of China's cities have no sewage treatment plants; and

— Inadequate funds for building urban waterworks.

By 1990, according to some estimates, China's cities will need an extra 15 million tons of water a day — a figure that will rise to 88 million tons by the end of the century. The country's water resources total about 270 million cubic

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**China follows two principles for easing water shortages: economizing on water use and developing new sources.**

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metres, ranking it sixth in the world, but its average per-capita supply is only 25 percent of the world figure. Even worse, those resources are very unevenly distributed, and their utilization is also inadequate and irrational. Solving the shortage problem has therefore become a pressing task.

China's efforts towards this follow two principles: economizing on water use and developing new sources.

The main water-saving measure, apart from establishing supply quotas and penalizing waste in industry, will be raising the rate of water recycling, improving the treatment and recovery of industrial sewage and spreading the use of modern technology. All this, it is hoped, will raise recycling rates to above 70 percent nationwide within the next two to three years.

In its Seventh Five-Year Plan period (1986-90), China will grad-

ually increase its investment in urban waterworks and sewage treatment facilities; encourage rational use of water; gradually bring sea water into use for cooling and washing; and import advanced foreign technology and equipment for saving water.

Another long-term measure to ease the urban water shortage is transferring water over long distances. In 1980 and 1982, water from the Huanghe (Yellow) River was twice diverted to Tianjin, an industrial city in north China. Later came projects of diverting water from the Luanhe River to Tianjin, the Biliu River to Dalian, a port city in the northeast, and the Luanhe River to Tangshan, a coal city in north China. All initially eased shortages in these cities. More such projects are now in the planning stage, including the diversion of Songhua River water to cities in the Liaohe River region, Luanhe River water to Qinhuangdao, a port city in north China; and Huanghe River water to Qingdao in Shandong Province. When the diversion of the Huanghe to Qingdao is completed, the city's daily supply will rise from its present 150,000 tons to 700,000 tons.

Attempts are also being made to divert water from the Changjiang (Yangtze) River to the north. If this project is carried out, water shortages there will be alleviated.

Greater efforts are also being made on legislation to prevent the loss and pollution of China's water supply. A law on preventing and treating water pollution has been put into effect and another new statute is being drawn up to protect water resources.



### On Economic Reform And Other Topics

I find your achievements in reform as reported in the article "On Reform of Chinese Economic Structure" by Huan Xiang in *Beijing Review* No. 20 quite breathtaking. What you are doing is very new in socialist society. It breaks away from the traditional view of socialism as heavy industry and rigid state planning and makes it more attractive. I would like to see more articles in this vein and a bit more about the socialist theory that is guiding the reform. It is daring of you to break with dogma and recognize that a form of commodity production continues to exist during the transitional stage of socialism.

I also enjoyed the article "Safeguarding World Peace an Urgent Task." I have never seen war and don't want to, and I am grateful for the efforts made by China and other third world countries to defend world peace.

"Port City Profiles: Sagacious Tianjin Businessmen on the Go" by Lu Yun was exciting to read. A lot of ports here in Europe are not doing very well and it was reassuring to think that at least industry is expanding in some parts of the world like in China, and so not all is doom and gloom.

I have been studying *Beijing Review* for a number of years and now I find the reportage much more in touch with the kind of things that absorb and interest the general public. The article "Prices Go Up as Beijing Implements Reform" in Events and Trends of No. 20 is a good example.

**J. Martin L. Clarke**  
London, Britain

### Hope "Review" Retains Its Style

*Beijing Review* is the only readily available source of balanced, accurate news of China for the foreigner, but it is important not to slavishly accommodate Western consumerism. *Beijing Review* is uniquely Chinese, and if that is lost, it will become just another "news magazine."

The articles I like most are those concerning politics in China and theoretical articles. I also like articles about the heroes of the revolution such as "Nie's Memoirs Chronicle Troubled Times" in No. 18 and the book review of *Selected Works of Dong Biwu* in No. 19.

**Antony Keyes**  
Queensland, Australia

Through reading issues No. 13 and 14, I come to realize how important and interesting *Beijing Review* is.

In both quality and style, your content and layout can be matched with magazines in our country and in the West. From reading articles on China's present reforms, I come to see the great strength of the Chinese people and their earnest spirit, as well as the practical efforts they have made to look for the best way to improve their lives. The current Chinese leaders are wise and bold and they should be congratulated.

**Yerko Torrejon K.**  
Punta Arenas, Chile

### Concern for the Motherland

I was very much encouraged by your article "Planting Trees to Commemorate Life" in Issue No. 20, 1985.

Being separated from our motherland for several generations by the vast expanse of the Pacific Ocean, I know very little of our language, culture and ethnic heritage. Yet I completely identify myself with the destiny of the motherland. Towards this end, I am organizing a tree planting tour to the motherland.

**Daniel J. W. Yee**  
Hawaii, USA

### International Reports Favoured

I find the contents of *Beijing Review* very interesting, especially the reports on foreign affairs as well as reports on the relations between China and other countries. *Beijing Review* will be more informative if you publish articles on the economic and social affairs of a given country, as well as stories about its position in international relations.

**Kisra Ahmed**  
Beni-Mellal, Morocco

### Bad Habit Should Be Discarded

As Canadian born people, we know a great many Chinese and we know that the Chinese are never in trouble with the law or drunkards in Canada. They are a real credit to their motherland. We did notice a terrific amount of Chinese smoke and this is very poor for their health. So we feel that they should be encouraged on a national level to give up this habit along with the spitting habit.

**Harold MacMillan**  
Murvillumbah, Australia

### Nine New Younger Ministers Appointed

China carried out its second major move within the central government in the past two years on June 18 when it announced the appointment of nine new ministers.

The appointments, announced by the National People's Congress Standing Committee, are part of a state drive to promote younger and better-educated cadres to top positions.

Another nine ministers were replaced in 1983 for similar reasons.

All the new leaders are university graduates or have attained an equivalent level of higher education. They are former chief engineers, geologists, research institute directors, university administrators or recognized experts in their fields.

The youngest is Li Tieying, 48, the new minister of the electronics industry. The oldest is 58-year-old Zou Jianhua, minister of the ordnance industry. The new officials average younger than 55 years.

Vice-Premier Li Peng, 56, was appointed minister in charge of the State Education Commission, a new body which replaces the Ministry of Education. Administered directly under the State Council, it will be responsible for setting educational principles and policies, formulating regulations, unifying education reforms and generally overseeing programmes. Li also keeps his position as vice-premier.

Li Tieying was once deputy director and chief engineer of an electronics research institute, and is considered knowledgeable in

semiconductor and microprocessor theory and technology. Ding Heng-gao, 54, now minister in charge of the Commission of Science, Technology and Industry for National Defense, is an expert in national defense affairs and was once head of a research institute.

The five other leaders are Wang Tao, 53, the new minister of the petroleum industry; Li Xue, 56, minister of the astronautics industry; Yu Hongen, 57, minister of the coal industry; Ding Guangeng, 55, minister of railways; and Li Zhisheng, 56, minister of radio and television.

Of the eight officials who were replaced, six are past the mandatory retirement age of 65.

Meanwhile, many provinces and autonomous regions also elected new younger governors and provincial Party committee heads.

Chen Huiguang, 46, a former engineer, was elected secretary of the Guangxi Zhuang Autonomous Region Communist Party committee. In Jiangxi, Wan Shaofen, 54, became the first woman to head a provincial Party committee. She had studied economics and last year earned certification as a lawyer.

The move reflects the Party's programme to modernize its leadership by making cadres more revolutionary, younger, better educated and more professionally competent.

In April, Party leader Hu Yaobang said that the leadership readjustment would be completed in the 107 departments under the Chinese Communist Party Central Committee, the State Council and the 29 provinces, autonomous

regions and municipalities by the end of this month.

After the move, 70 percent of the new leading cadres will be under 60, Hu said.

In the past few years, 900,000 veteran cadres have retired. The state estimates that 2 million will have retired by next year.

### NPC Names New HK Law Group

A 59-member committee has been appointed by the National People's Congress to prepare a basic law for Hongkong after it becomes a Special Administrative Region of China in 1997.

The committee consists of 15 high-ranking government officials, 10 public figures and 11 jurists from the mainland. It also includes 23 people representing industrial, commercial, cultural, educational, trade union and religious groups in Hongkong. Representatives from Hongkong's administrative, legislative and judicial circles are also on the list.

The arrangement is intended to better express the opinions, demands and desires of the people of Hongkong, and to bring the basic law into line with the territory's conditions, said Peng Chong, vice-chairman of the NPC Standing Committee, at its 11th session held from June 15 to 19 in Beijing.

Of the Hongkong members, eight represent local industrial, commercial, financial and transport associations. They will play an important part in maintaining Hongkong's stability and prosper-

ity because of their positions and influence, he added.

The committee is organized according to an April 10 NPC decision on preparing a basic law for Hongkong's future.

## Zhao Wraps Up European Tour

Chinese Premier Zhao Ziyang visited the Netherlands June 16-19 on the last leg of his 17-day European tour that had already taken him to Britain and West Germany.

The Netherlands' visit, said Zhao, was aimed at developing friendly relations and co-operation on the basis of the Five Principles of Peaceful Coexistence.

The Netherlands was among the West European countries that recognized New China in the early 1950s. But after the Hague delivered two submarines to Taiwan, China downgraded its diplomatic ties in May 1981. Full diplomatic relations were resumed only in February 1984 when the Dutch government agreed to cancel Taiwan's order for four more vessels. Dutch Foreign Minister Hans Van Den Broek's visit to China last January was regarded as a reflection of the warming relationship between the two countries.

The improved political climate has ushered in boom trade times between the two countries. Last year Sino-Dutch trade reached US\$500 million, an increase of 13.6 percent over 1983. China's 1984 imports from Holland totalled US\$175 million, a hike of 57 percent over 1983, while exports to the Netherlands totalled US\$325 million, a drop of 1 percent.

During Zhao's visit, leaders of the two countries signed an agreement on the protection of mutual investments.

Under the pact, both countries pledge to extend their economic relations and encourage investment through the creation of stable and favourable conditions for such business. The agreement will remain in force for 10 years.

**Visit Hailed as Success.** Zhao's European tour was hailed in China and in Britain, West Germany and the Netherlands as a great success. By meeting West European leaders face to face, the premier was able to convey China's views and express the country's desire for friendship and co-operation.

Zhao told the European leaders that China believes the major issues confronting the world revolve around the East-West peace question and North-South development

### News in Brief

Stressing quantity over quality will deal a serious blow to China's economic reforms, State Councillor Zhang Jingfu said recently.

The State Economic Commission will send out 16 groups to check the quality of industrial products across the country. After the survey, enterprises will be asked to halt production of goods which fail to meet state standards. The factories will also be told to make improvements within a set time limit, Zhang said. A national quality control network is planned, he added.

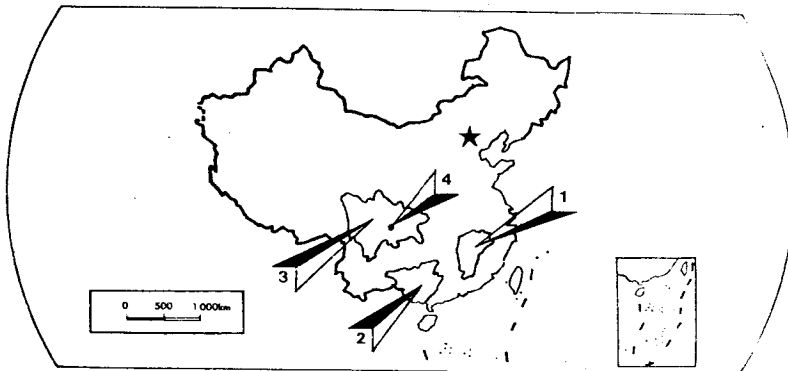
China now has 3,800 km of locally run railways, nearly 7 percent of the country's 52,000 km of track. The local lines are in 10 areas, including Henan, Liaoning, Tianjin, Sichuan, Guangdong and Guangxi. Henan has 45 percent of the total with 15 lines totalling 1,700 km.

Local railways carried 28.6 million tons of freight last year, up 5.4 percent over 1983. Profits were 35 million yuan, up 25 percent.

A drive to collect all the secret and folk prescriptions of traditional Chinese medicine into one major source work was launched recently.

The China Association for the Research and Development of Traditional Medicine and Medical Science has been set up to run the project.

### Places in This Issue



- (1) Jiangxi (P. 6)      (2) Guangxi (P. 6)  
(3) Sichuan (P. 20)    (4) Chengdu (P. 20)



## Hubei Relic Opens

As a symbol of peace and prosperity, the ancient Huanghe (Yellow Crane) Tower reopened earlier this month in Wuhan, capital of Hubei Province, after a four-year, 15-million-yuan renovation. Located atop Sheshan (Snake) Mountain, the 51-metre tall Yangtze River landmark was first built in 223 AD as a sentry post. Destroyed and rebuilt a number of times in the following centuries, it was burnt down during the reign of Emperor Guangxu (1875-1908) of the Qing Dynasty. The picture at right shows a ceramic mural from a hall on the first storey of the pagoda. Called "The White Cloud and Yellow Crane," it illustrates the legend of the tower's history.

concerns. Zhao's explanations of China's fundamental stand helped enhance mutual understanding and laid a solid foundation for the further development of co-operation.

The exchange of views between Zhao and his European counterparts also proved fruitful. A *Renmin Ribao* (People's Daily) editorial commented, "We are convinced that, in the future, friendly co-operation between China and the West European countries will greatly develop to become a pacesetter for North-South co-operation and to contribute to the development of the world economy."

## Soccer Rioters Sentenced to Jail

Five participants in China's worst soccer riot were sentenced

to jail terms ranging from four months to 2½ years on June 18.

The riot broke out May 19 after the Chinese national team was beaten 2-1 by Hongkong in a door-die World Cup qualifying match at Beijing's Workers' Stadium.

The longest prison sentence was imposed by Beijing's Municipal Intermediate People's Court upon Liu Guofang, 20, a tree planter at the Babaoshan Cemetery in western Beijing.

Liu was jailed for 30 months and ordered to pay 61 yuan in damages for injuring a policeman and a soldier when he threw a stone through the window of a police vehicle.

Government office worker Hua Zeping, 25, who admitted helping other rioters overturn a taxi, was jailed for two years and forced to pay 200 yuan in damages.

Sixteen-year-old Huang Hui, a

temporary worker at a building materials company, confessed to hurling bricks and stones at a bus and a taxi. He was sentenced to six months in jail and ordered to pay a 200 yuan compensation.

Huang was given a shorter sentence due to his age and the fact that he admitted his guilt. The two others also pleaded guilty.

The Lower Chaoyang District People's Court sentenced two other men to detention for four months for their part in the riot.

Textile worker Zhao Fengjun, 22, admitted throwing plastic drink containers at the Hongkong soccer team, and salesman Ding Guohua, also 22, pleaded guilty to kicking a policeman.

The Beijing Municipal Procuratorate has refused to proceed with charges against another two detainees unless the Beijing Security Bureau can produce more evidence.



A total of 127 soccer fans, ranging in age from 14 to 25, were detained after the riot. All but seven detainees were released within three weeks.

## Excitement or Xenophobia?

Some foreign press reports indicated that anti-foreigner sentiment drove the rioters to vent their anger upon innocent bus passengers and foreigners who happened to pass by the stadium.

But none of the rioters expressed any special hostility towards foreigners in their confessions. Xu Lin, an office worker in a Beijing film company, said, "Our mistakes were totally due to a lack of maturity and a sense of discipline. I don't think the riot was spurred by any special hostility towards foreigners. We were just unable to take defeat. We apologize for our wrong deeds and we firmly support the government in punishing those who broke the law."

Though there has been widespread condemnation of the riot, some Beijing residents feel the press has blown the riot out of proportion. "Treat the riot as it was," said one college student. "It was nothing but a few young guys in excitement. It's common all over the world."

The student said he doubted the reports of anti-foreigner sentiment, noting that the Chinese people are famous for their hospitality, not their hostility. "My classmates like European classical music, Japanese TV plays and American sports stars. As a matter of fact, you find no evidence of xenophobia in our college and even outside our campus," he said.

There is as much discussion of the judicial system's handling of the matter as there is about the cause of the ugly scene. *China Daily* columnist Qiu Mi (a pen name meaning "ball fan") wrote,

"I am more concerned about how to deal with the rioters in the aftermath rather than searching for psychological explanations. It seems meaningless to generalize about the motives of the rioters, which would probably range from expressions of chauvinism to venting personal grievances."

Others, however, feel it necessary to dig deeper to discover the root cause of the incident. "It is not only a matter of courtesy, but also one of ideology," said Wang Meng, a famous writer. "The incident, in other words, is warning us not to neglect the education in internationalism. It is also urging us to oppose exclusivism and nationalism."

Because of China's long history of being bullied by imperialist countries, the Chinese have had to battle a national inferiority complex. The trouble is, Wang said, people are liable to go to the other extreme — to advocate "patriotism" in a warped, xenophobic sense. Wang noted that "a few 'black sheep' made trouble while shouting '*waiguoren, waiguoren*,' (foreigners) after the China-Hong-kong soccer match."

Wang, an alternate member of the Chinese Communist Party Central Committee, said he is worried that the media is overplaying the nationalistic nature of international sports. He said a game is not war between two countries. It should be aimed at promoting friendship and improving health, he said.

"We should restore the spirit of fair play in sports competition. It is not unusual to be joyous in victory and disappointed in defeat. But, if you exaggerate the political significance of a sports victory, a potential ideological danger may take root, which will spur destructive feelings when people see their favourite team losing," he said.

## China & the World

### Leaders to Visit China

China will receive visits by three state leaders in late June and early July, a foreign ministry spokesman announced recently. The dignitaries are Ieremaia Tabai, President of the Republic of Kiribati; Turkish Prime Minister Turgut Ozal; and Hashemi Rafsanjani, speaker of the Iranian Islamic Consultative Assembly.

### Sino-Soviet Pact Signed

A Sino-Soviet cultural cooperation programme for 1985 was signed recently. The programme provides for exchanges of cultural and art delegations and the staging of exhibitions.

### Bank Aids Rural Works

China will borrow \$164.3 million from the World Bank and its lending affiliate, the International Development Association, for three projects designed to increase agricultural production, develop forest resources and provide data on a major gas field.

About \$92 million will be provided to central Anhui Province for a project to increase crop output by developing water resources, reducing flood damage and improving food distribution.

### Bids Total \$2 Billion

China has bought US\$2 worth of equipment and technology by international bidding in the last few years, said the Chinese International Tendering Company.

The money was borrowed from the Japanese, Danish and Kuwaiti governments and the World Bank.

## Korea

### Optimism Surrounds Renewed Talks

**Recent talks between North and South Korea have served to defuse the tension on the Korean Peninsula.**

by LI TU

**K**OREANS on both sides of the demilitarized zone that divides the peninsula may look back on the first half of 1985 as the time when their leaders were able to begin building a bridge between their different political and economic systems.

An April 9 proposal made by the Democratic People's Republic of Korea (DPRK) calling for North-South talks won immediate endorsement from many countries. And, more importantly, the proposal was accepted by the South, a departure from its past silence towards such initiatives.

Equally welcome were the results of the latest round of North-South Red Cross talks. For the first time in 12 years, Red Cross officials from Pyongyang and Seoul sat face to face to discuss ways of reuniting the families torn apart by the Korean War. The fact that the two sides agreed to resume negotiations is in itself a sign of detente in Korea, even though a detailed agreement cannot be reached until late August.

What's more, renewed economic talks can be regarded as another sign of the thaw in North-South relations. As talks began on June 20, both sides moved closer to their first economic exchanges when they agreed to a three-point basic agenda for future talks.

The North and South of Korea agreed to establish a joint econom-

ic co-operation committee. Although the draft agreements they presented differed, the two sides agreed to study each other's draft and hold the fourth talks on September 18.

South Korea has proposed buying anthracite coal from the DPRK, initiating trade exchanges this year and establishing joint fishing areas. The draft statement said that Seoul will sell North

Korea iron, textiles and aquatic products while the DPRK will trade its iron ore, magnesium and corn.

The two sides earlier presented proposals for commodity trade and agreed in principle to reconnect a North-South rail link severed in the 1950-1953 Korean War.

The draft agreements, issued at Panmunjom, represent a major breakthrough in the inter-Korean economic negotiations that started last November.

Both DPRK chief negotiator Li Song Rok and South Korean representative Kim Ki-Hwan expressed optimism about the odds for success.

## South Africa

### New Move to Control Namibia

**Following its military incursions into Angola and Botswana, South Africa has set up an "interim government" in Namibia to perpetuate its control of the territory.**

by YAN ZHENG

**D**EFYING worldwide opposition, South Africa on June 17 unilaterally set up an "interim government" for Namibia to perpetuate its control of the territory. The move, which followed South Africa's military incursion into Angola in May and its June 14 raid on Gaborone, Botswana, has been protested by the Namibian people and condemned by other African governments and the international community.

The Namibian people have carried on a long battle for national

independence. Their hope for peace and freedom was reflected in United Nations Security Council Resolution 435, which called for free elections leading to the establishment of a constitution and independence. The resolution has not only been accepted by the Namibian people and supported by the international community, it was even accepted by the South African authorities.

Nevertheless, the South African regime has announced the establishment of an interim government in its northwestern neighbour without elections and without consulting the South West Africa

People's Organization (SWAPO), the sole legitimate representative of the Namibian people.

Pretoria's aim is to use the interim government as a tool to continue controlling Namibia and to keep SWAPO out of power. By granting Namibia its pseudo-independence, South Africa will be able to maintain a firm grip on the troubled territory previously known as South-West Africa.

But who could be fooled by such a scheme?

At a protest rally attended by more than 1,000 people, a SWAPO representative called the interim government a new colonialist plan which will result in national disaster. The Namibian people will not accept such an imposed government, he said, and they will continue struggling for true independence.

During a June 17 special session of the United Nations Council for Namibia, UN Secretary-General Javier Perez de Cuellar stated that "all unilateral measures taken by the South African regime in Namibia in contravention of Security Council resolutions 435 (1978) and 439 (1978) are null and void."

Two days later, the UN Security Council passed a resolution calling for South Africa's immediate cancellation of the so-called interim government. The Security Council promised to consider further measures against South Africa if Pretoria refuses to co-operate with the United Nations. The United Nations and its member states, according to the resolution, will not recognize the interim government.

At a weekly news briefing on June 19, a Chinese Foreign Ministry spokesman called the establishment of the interim government a grave new challenge to the international community and another obstacle to the Namibian people's struggle for independence.

## India

# US Trip Builds Better Ties

**Indian-US relations, often strained in the past, now appear headed for improvement following Prime Minister Rajiv Gandhi's visit to the United States.**

by LI WENZHENG

A GOOD foundation has been laid for improved Indian-US ties, but differences still remain. Indian Prime Minister Rajiv Gandhi told reporters on June 14 during his five-day visit to the United States.

Since he took office last October, Gandhi has made a series of remarkable domestic and diplomatic moves, including a much-publicized trip to Moscow for talks with Soviet leader Mikhail Gorbachev. The US visit, his first since he became prime minister, was therefore the focus of world scrutiny.

Western diplomatic sources believe a foundation exists for improving ties between Washington and New Delhi. But even in the absence of trade and territorial conflicts, their relations have not developed as smoothly as both sides would like. A new squabble began just before Gandhi's US visit when India blamed the United States for selling too many arms to neighbouring Pakistan. For its part, the United States grumbled at India for saying that the Soviet Union's 100,000 troops were "invited" to Afghanistan.

For all their differences, however, neither country has considered cutting their many trade and cultural links. Indian popular sentiment also seems to favour India relations; even in the volatile climate following the disastrous gas leak at Bhopal, no anti-American demonstrations were seen, while the Indian government merely demanded that the Union

Carbide Plant pay an indemnity according to law.

Against that background, both sides actively tried to improve bilateral relations during the Washington visit. Gandhi later described his talks there as frank and open-minded, and added that he believed India can further improve its already-friendly co-operation with the US.

US President Ronald Reagan agreed. He admitted that the two countries have areas of disagreement, but said both are convinced that their fundamental areas of agreement far outweigh what he called "the differences of the moment." Reagan has agreed to visit India before the end of the year, in what will be the first trip to New Delhi by a US president in more than 10 years.

Gandhi also succeeded in persuading Washington to sell his country some US arms, which he wants in order to modernize India's army. And his visit won further agreements on extending scientific and technological co-operation pacts.

While the US expressed its willingness in principle to sell arms and advanced military technology to India, the two countries have clinched no large-scale arms sales in the past 20 years. Instead, the Soviet Union has become India's largest arms supplier.

Before leaving the US, Gandhi reiterated India's policy of non-alignment. He denied that his country is closer to Moscow than to Washington, and said he will not attach India to either superpower.

But he also criticized the US

over Reagan's "Star Wars" plan, saying it would add a new dimension to world insecurity. He also

reportedly defended Soviet operations in Afghanistan as a "justified response to a specific threat."

## Pakistan

# Small Industry Has Big Impact

**Small industry, an important part of Pakistan's economy, is drawing increasing attention from both the government and local businessmen.**

by **SHI ZONGXING**

**S** MALL industry has assumed an important and growing role in Pakistan's economic development.

During the 1983-84 fiscal year, the vital sector produced 7 percent of the country's gross national product — compared with a 12 percent share for big and medium-sized factories.

In the same period, 47 percent of Pakistan's total exports were the products of small industries, as were 70 percent of its textiles.

Small factories also employ more than 2 million workers, an astounding 87 percent of the country's total industrial workforce.

A recent national industrial exhibition held in Islamabad vividly demonstrated the strength of small industry. More than half of the show's 300 booths were rented by small enterprises. Marked by diversity, quality and reasonable prices, many products made by those enterprises have found their way onto the world market.

The Punjab Small Industrial Company, for example, displayed furniture, tableware, colourful textiles and finished dresses, marble products, copperware and wood handicrafts.

The company, only 12 years old, has over 80,000 sub-enterprises ranging from large ones employing up to 100 workers to small ones consisting of only a single family.

Those mini-factories are located in towns throughout the Punjab plain, and they provide more than 1.8 million jobs to local residents.

Two factors help explain why the Punjab has recorded such rapid small industrial development. One is strong technological direction: the company has established eight centres to instruct workers in techniques of pottery and porcelain making, leather processing, metal working, instrument and machine manufacturing, carpentry and tool-making. The centres apply new technology to business, raising productivity and quality while lowering costs, thus improving the competitiveness of the company's products.

The second factor is a broad investment base. For this, the company has set up a consultative centre to provide market informa-

tion and investment analysis. The facility has established close ties with more than 60,000 investors and often dispatches agents to Europe and the Middle East to persuade Punjabis there to mail back remittances which are then ploughed back into the company. Since 1979, overseas Pakistanis have helped set up more than 500 small enterprises in Punjab.

For the last eight years, the Pakistan government has been encouraging lower-cost small enterprises, which yield quicker profits, especially in remote areas. The move has proved helpful not only to agricultural development, but also to preventing rural workers from migrating to urban areas.

During the country's current sixth five-year plan, the Islamabad government has allotted 16.6 billion rupees to developing small industry — almost 20 percent of its total industrial development budget. At a special meeting on small industry at the end of last year, one minister declared that the government would further liberalize its rules for small enterprises. The government will also provide more favourable taxation terms on products for home use and for export. As these new policies come into effect, small industry will certainly scale new heights.

## Nicaragua

# After the Trade Embargo

**The Nicaraguan government tries to shrug off internal difficulties imposed by the US trade embargo, and makes some early gains.**

by **KE DAAN**

**F**OLLOWING imposition of the American trade embargo on Nicaragua on May 7, the US House of Representatives voted in favour of the Reagan administration's

request for US\$27 million in "non-military" aid for anti-government forces in that small Central American country.

With these difficulties, Managua opened a diplomatic offensive designed to expand its foreign

markets, marshal world support and, above all, win new economic aid. In the past month, President Daniel Ortega and Vice-President Sergio Ramirez Mercado have visited several European countries, while other top officials travelled to Canada and South American and Asian nations to ask for help.

The visits succeeded in gaining guarantees on oil supplies, one of Nicaragua's most urgent needs. Previously, the country relied on Venezuela and Mexico for 13,000 barrels a day, but that supply was cut when the government proved unable to pay for them. However, the Soviet Union has now agreed to provide 3.5 million barrels, 80 percent of Nicaragua's annual oil needs. In addition, Mexico has consented to sell 320,000 barrels to Nicaragua between July and September and a further 400,000 barrels in the fourth quarter of this year, helping lay a firm foundation for the Nicaraguan economy for the rest of the year.

At the same time, Managua has also won new grants or substantial increases in economic aid. The European Economic Community will give 7 million European Monetary Units in aid to Nicaragua this year.

A more pressing issue, however, is foreign trade, which has been badly hit by the US embargo. Although Nicaragua previously earned only about US\$50 million last year on its exports to the US while importing US\$120 million worth of American goods, most of its machines, vehicles and spare parts had to come from the United States — as did the materials for making toothpaste, soap, matches, plastics and medicine.

Under the trade embargo, Nicaragua's private sector will have to face more problems than state-owned departments, which, unlike the private enterprises, have gradually replaced their American equipment with machines pro-

duced in the Soviet Union and Eastern Europe. The Managua government is now trying to import machine parts and instruments from American enterprises located outside the United States, but the problem is a thorny one, and it is far from being solved.

Observers differ on the effect of the US embargo. But while it is generally believed that the trade

stoppage will bring Nicaragua many problems, analysts also say, it cannot attain its desired results. The embargo's long-term impact, the analysts predict, will either be to diversify Nicaragua's international relations and trade markets, thus ridding it of dependence on one or two countries, or to force Managua to move closer to the Soviet Union — the last thing the embargo's architects had in mind.

## Portugal

# Coalition Dissolves After Row

**The Social Democratic Party decided early this month to end its coalition with the Socialist Party after a conflict over labour and agrarian policies, leaving Portugal to deal with a new political crisis.**

by HUANG PENGNIAN

**F**OLLOWING the Social Democratic Party's (PSD) decision to end its coalition with the Socialist Party (PS) after a row over labour and farm policies, seven ministers and 12 state secretaries handed in their resignations to Socialist Prime Minister Mario Soares on June 13, throwing the government into a new state of crisis.

Social Democratic leader Anibal Cavaco Silva criticized the socialists for their "tardiness" in implementing land reform, budget cuts and social legislation.

In a speech televised nationwide, Soares announced that he would resign to help resolve the conflict and called the withdrawal decision "irresponsible."

On June 12 Portugal signed its treaty of accession to the European Economic Community (EEC). Soares also condemned the PSD for rocking the government before the Lisbon parliament ratifies Portugal's accession to the EEC.

The rupture of the two-party coalition, the country's ninth con-

stitutional government since 1974, was directly generated by changes in the Social Democrat hierarchy.

A new PSD leadership, elected at its 12th congress in May, refused to support Soares in presidential elections scheduled for December.

The parties met in four summit conferences, but all failed to reach any compromise.

Portugal has had 15 governments since the fall of the right-wing dictatorship in 1974. Economic difficulties have been one of the major causes of the repeated changes in leadership. Inflation is running at 29.3 percent and unemployment is at 12 percent. Portugal's gross national product has also dropped by 2 percent and it now has foreign debts of US\$15 billion, a sum equal to 70 percent of its GNP. These difficulties have been restated in continuous quarrels between the two coalition parties. As the crisis deepens, the country has three constitutional options: forming a caretaker government until presidential elections can be held; setting up a presidential government, as was done in the late 1970s; or calling early parliamentary elections.

# The Hongshui River: A Mighty Powerhouse

by **ZHOU ZHENG**  
Our Correspondent

**D**ESPITE its roaring turbulence, the Hongshui for centuries ran almost unnoticed from its source on the remote Yunnan-Guizhou Plateau in southwest China. While the Changjiang (Yangtze) and Huanghe (Yellow) Rivers were regarded as symbols of the world's most populous country, few had ever heard of the Hongshui—until state planners realized it could be turned into an inexhaustible powerhouse to drive the development of the region, long an economic backwater.

## "An Inexhaustible Well"

As a result, the Hongshui is rapidly emerging from oblivion, and will soon become a potential power supplier second only to the Changjiang and Huanghe. By the end of the century, power stations built along its course will generate 60 billion kwh of electricity each year.

Because of all this, a visit to the Hongshui was placed on the agenda of a Sino-American symposium on river development held in Nanning, capital of the Guangxi Zhuang Autonomous Region, in April last year. One American hydrologist was so impressed that he began to wonder why the huge sums spent by China and the United States on oil prospecting in the South China Sea should not instead be used to develop the Hongshui. With so rich resources, he said, "The river is a well that will never run dry."

Years of geological surveys have finally resulted in a plan for the Hongshui's future. First, two head-

water reservoirs will be built to make use of the river's 1,100-metre drop in driving a cluster of 11 large hydroelectric stations. When completed, the stations will have a total installed capacity of 11.5 million kw, or 46 percent of China's national total in 1984. That is enough to generate 62.78 billion kwh of electricity a year—fully 70 percent of the country's output last year.

An added bonus to this cascade hydroelectric project is its site: Located in a sparsely populated area, it will destroy less farmland and displace fewer local residents than is usually in a plan of this size.

The river's development is crucial to the economy of the Guangxi Zhuang Autonomous Region, through which it runs. The region is one of China's poorest, with per-capita industrial and agricultural output value well below the national average. But it is extremely rich in resources. Guangxi leads the country in the deposits

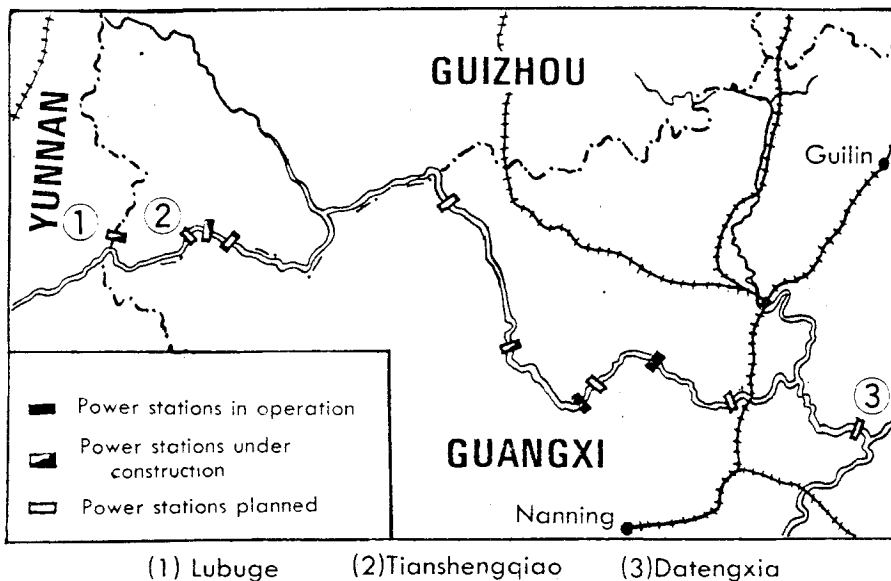
of 135 million tons of manganese ore. It ranks first in reserves of tin, second in antimony, third in silver, fourth in bauxite, sixth in tungsten, seventh in zinc and titanium, and eighth in lead and mercury. Without huge supplies of power, however, these minerals cannot be exploited. Said Gang Ku, a power engineer, "Guangxi's economic takeoff is out of the question if the Hongshui River lays untapped."

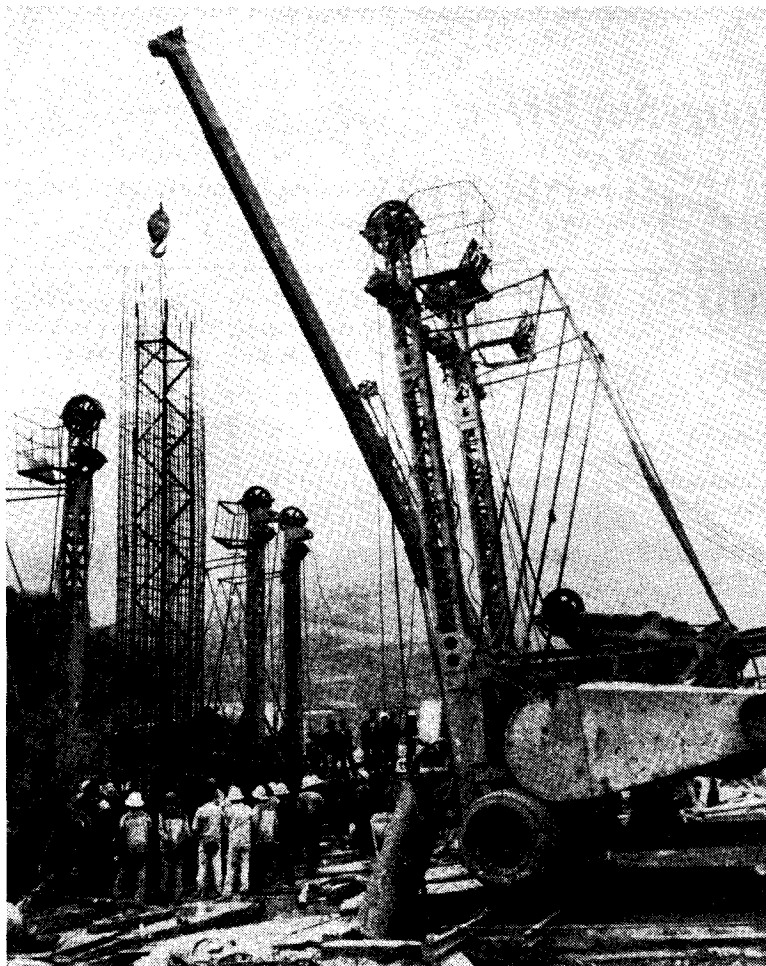
Guangxi will certainly not be the only region to benefit from the Hongshui's development. When the cascade project is completed at the end of the century, Yunnan, Guizhou and the rest of south China will all get a substantial share of power supplies.

## A Tough Job

For the five institutes responsible for designing this gigantic project, preliminary surveying and prospecting have been the most difficult part of the entire job.

## The Hongshui River Hydroelectric Power Network





At one work site on the Hongshui hydroelectric project.

One of them, the Guangxi Hydropower Prospecting and Designing Institute, had completed prospecting for a single power station, the Dahua, ten years ago. To familiarize themselves with the Hongshui's characteristics — and especially its floods — the designers visited over 100 villages near the Yantan site, collecting whatever historical data they could lay their hands on. Ancient architectural structures and docks were studied carefully, and the new findings compared with data obtained from 41 years of hydrological observation. In the past 150 years, the researchers found the river has had 15 major floods. This information, once known, played a key role in the

design of the Yantan Hydroelectric Power Station.

Working in previously untouched wilderness, under constant threat from cold and hunger, the survey team at Yantan drilled 330 holes and obtained 28,000 metres of core samples to test the underground rock on which the power plant will later sit. Their work gave them 30 possible locations for the Yantan station, which, after repeated screening, were narrowed down to just one.

Guangxi's numerous karst caves never fail to delight the tourists who visit them from all over the world. But when it comes to building a hydropower station, the scenic karst topography spells trouble. Water that should be used to drive the station's generators

can seep through the karst's numerous hidden crannies and disappear down subterranean stream. To build the headwater reservoir, the researchers first went spelunking, descending into the area's many seemingly bottomless caverns to look for potential leaks. In their role as cave explorers, the geologists once worked for over 20 hours in a 400-metre-deep cave. With nylon ropes tied to their waists, they sometimes had to dive into underground rivers to ascertain their size and direction, and trace them to their sources. Only after they had explored all the caves around the reservoir could they begin its design and construction.

### No More "Big Pot"

Construction is now under way at the sites of the Yantan and Tianshengqiao Hydroelectric Stations, and a responsibility system has been introduced to further speed the work. Under this system, construction teams which fulfil their tasks ahead of schedule can get substantial bonuses, while those which fail to meet their deadlines are penalized. This practice has paid off. Last year workers at Yantan fulfilled an investment of 60 million yuan, outstripping the construction plan by 20 million yuan.

Public bidding was also used to rally the efforts of construction teams from other areas. By offering a competitive price, a team from the Changjiang River Gezhouba Engineering Bureau in Hubei Province won the contract for digging the foundation of a dam and a diversion canal for the Yantan station.

The Gezhouba team arrived at the site in January after a 1,800-km journey from the north. In 29 hours, they finished installing a power-driven shovel — a task normally done in four days. A 20-ton truck that usually carries

## Facts on File: The Hongshui River

THE Nanpan and Beipan Rivers, rising on the Yunnan-Guizhou Plateau, converge near the Guizhou-Guangxi border to form the Hongshui River, which flows through central Guangxi and joins the Liujiang River to form the Qianjiang River. The whole system is part of the extensive Zhujiang (Pearl) River network of south China. The Hongshui, meaning "Red Water," is named for the pinkish colour of its water, the result of silt from weathering sandy shale areas on its upper reaches.

A total of 1,200 km of the Hongshui River's course has been brought under a plan aimed at developing its 19,000-square-kilometre basin.

The river cuts through a subtropical area with an annual rainfall of 1,200-1,800mm and an annual runoff of 133 billion cubic metres. The Hongshui's steep des-

cent makes it ideal for hydroelectric development. Eleven

power stations have been planned (See table).

Name	Location	Installed capacity (million kw)	Annual generating capacity (billion hwh)
Lubuge	Nanpan R.	0.6	3.06
Tianshengqiao upper dam	Nanpan R.	1.08	5.3
Tianshengqiao lower dam	Nanpan R.	0.88 (first phase) 0.44 (second phase)	8.2
Pingban	Hongshui R.	0.36	1.86
Longtan	Hongshui R.	4	18.6
Yantan	Hongshui R.	1.1	8
Dahua	Hongshui R.	0.4 (first phase) 0.2 (second phase)	3.6
Bailongtan	Hongshui R.	0.18	0.91
Etan	Hongshui R.	0.56	3.62
Qiaogong	Hongshui R.	0.50	3.15
Datengxia	Qianjiang	1.2	6.58
Total		11.5	62.78

74 cubic metres of stone or earth in a workshift now can carry 180 cubic metres or even 228 cubic metres.

What accounts for this high productivity? "We feel obliged to do our share for the four modernizations, particularly on a key state project in a place which used to be a revolutionary base area inhabited by minority people," said Zhang Jinliang, one of the Gezouba team leaders. Zhang also attributed the workers' high enthusiasm to an eagerness to get the work done and return home as soon as possible. The bonus system, too, no doubt played a key role. The highest awards can

reach 180 yuan a month, while those who make less contribution get only a tenth as much.

Their quick progress will enable the Yantan engineers to dam the river by the end of 1987, a year earlier than planned. But that will only be possible if supplies of rolled steel and cement are assured.

### Importing Funds and Technology

The Tianshengqiao Power Station, astride the Guangxi-Guizhou border, is being put up by a People's Liberation Army construction team which earlier won a gold medal for its work on a water-diver-

sion project in Tianjin. The team has also subcontracted part of its work at Tianshengqiao to another team from the Ministry of Water Resources and Electric Power. Their plan is to dam the Hongshui by the end of this year so the dam's first generators can go into operation in 1989.

Because the river drops 181 metres in only 14 km near Tianshengqiao, the site makes an excellent location for its two planned power stations. Key to the project, however, is the digging of three water-diversion tunnels totalling 28.56 km long.

Traditional dynamiting technol-



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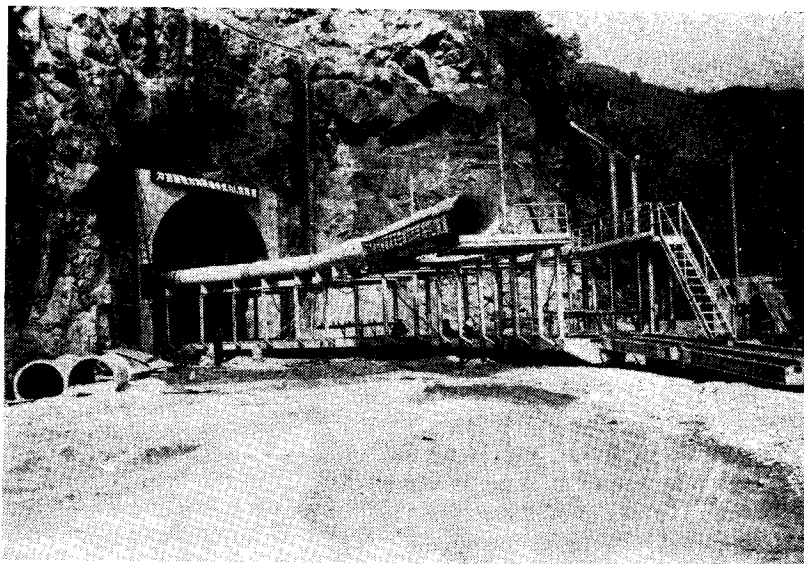
ogy proved inadequate for the huge project, so the builders imported two full-face tunnellers from the Morrison Kauesen Company of the United States. The company, in turn, sent Leo A. Pelletier, a Canadian, to help install the machinery and train its Chinese operators.

A 4-square-metre cubicle at the head of a tunnel served as the Canadian's office, which he nicknamed the "American Embassy." Asked for his impressions of his co-operation with the Chinese, he replied, "Excellent." He was satisfied with their work efficiency, he added, but admitted that there was one problem: Too many operators were showing up for training on the machines. Only 14 people were needed, he said, but twice as many came every day to learn the new expertise.

Foreign investment has also played a role in speeding the Hongshui's development. The Tianshengqiao station, for example, is partly financed by a Japanese loan. International co-operation on an even larger scale marks the Lubuge station, at the head of the cascade project. There, state investment is supplemented by a World Bank loan. And international bidding was called to choose the contractor that would build its water diversion project.

When the bidding was announced in *Renmin Ribao* (People's Daily) in 1982, 32 companies from 13 countries entered their names. The deal was finally won by Japan's Taisei Corp. The Norwegian government, after one of its country's companies failed to win the contract, donated 12 millions US dollars and sent an advisory group to the work site. Under the aegis of the World Bank, the Australian Snowy Mountains Engineering Corp. also sent a group to help carry out the contracts and construction work.

The Taisei Corp. is now digging



**This American-made full-face tunneller proves a big help for Tianshengqiao builders.**

the main diversion tunnel. Tomiji Samada, head of the Japanese team, attributed their good work to sincere Chinese help. "Our company has contracted for projects in more than 20 countries," he said, "but we can work smoothly only where we are helped by the local government and our local counterparts. That is what we have seen here in China."

Actually, the Taisei Corp. has sent only 30 Japanese to the work site. The other 300 members working on the project are all Chinese workers and engineers. Tomiji was very much impressed by his Chinese colleagues' diligent work. But he found it hard to understand why some showed widely varying attitudes: Some were keen on their jobs, while the others seemed not to care. Said he, "In Japan, it is so easy to deal with those who do not care about their work, but in China it probably takes time."

The Taisei company won the bidding by offering a price so low that some still doubt whether it will do the company any good. "That question is hard to answer for the time being," said Tomiji, "but I do believe it is of manifold significance to operate on a work

site in China, and the benefit will reveal itself sooner or later."

The Australian and Norwegian experts have also actively helped by providing advice on construction of the project. They, too, have won respect for their conscientious work style and advanced expertise.

### **Initial Returns**

So far, work has begun on five of the 11 power stations called for in the Hongshui cascade development project, and two of them have already been partially commissioned.

At Dahua, a runoff hydroplant, four 100,000-kw generators have already been installed in the first phase of construction; three of them went into operation in late 1983. By this April, Dahua had generated 1.25 billion kwh. The Etan station, with an initial installed capacity of 60,000 kw, has generated 1.24 billion kwh since 1981. Both stations have helped alleviate power shortages in Guangxi and brought new economic benefits to local residents.

The opening of the Dahua station, for instance, boosted power supplies to nearby Mashan County from only 330,000 kwh to 16.09 million kwh. The county's Zhoulu Township, which once had only two locally run factories with a total output value of 60,000 yuan, today has six such factories generating 600,000 yuan in total output value. The number of farm-product processing workshops in the township has also increased from 50 to 197.

The development of the Hongshui has also helped change local lifestyles. In Duan County, the peasants used to burn oil for lighting and use stone mills to grind corn. Now, all have electric lights and power-driven mills. With more electrical appliances finding their way into the region's homes, Guangxi housewives now find it much easier to complete their household chores.

Also, many local peasants have become better-off by working at the power stations. All but three of the 61 families in Fanai Village near the Lubuge station have torn down their thatched cottages and built new houses with money they earned by carrying sand and stone for the hydroelectric project.

The power stations will also help improve navigation. The Hongshui between Dahua and Yantan could formerly take only 30-ton ships. But with the completion of a dam at the Dahua station, the water levels have risen five metres, and 250-tonners now ply the river between the two power stations.

Indeed, the five-hour, 87-km journey between Dahua and Yantan is an exciting experience. The ship cleaves through calm, deep-green waters flanked by mountains covered with lush groves of green bamboo, crimson kapok blooms and purple tung tree blossoms. The picturesque scene bodes well for the future of the people on both banks of the Hongshui River — a mighty power house. □

# North-South Co-operation For Mutual Prosperity

by TONG DALIN and LIU JI

**I**N a recent meeting with Japanese businessmen, Deng Xiaoping said, "The world today is confronted with two strategic issues: One is peace and the other is economy, or rather, development. Peace is an East-West problem, while development is a North-South question. All these problems can be covered by four words: East, West, South and North. Of these, the North-South problem is the core."

The East-West issue, centred on the two superpowers vying for hegemony, is better recognized, as their confrontation and spiraling arms race constitute a grave threat to world peace. However, their competition for hegemony goes against the will of peace-loving and independence-cherishing people all over the world. These people are the strongest check on war. As long as they unite and try every possible means to resist the superpowers, neither hegemony nor war can easily occur in our lifetime. In this atmosphere, the co-operation between East and West can hope for further development in addition to economic, trade and cultural exchanges which have already been undertaken.

## North-North, South-South

In fact, North-North co-operation has formed its own traditions. Transnational corporations brought the North countries together long ago. Co-operative structures and systems were set up in trade, finance and technology. This trend in co-operation will un-

doubtedly continue. However, as markets are limited, competition among these countries will also become increasingly hot. A case in point is the tense trade relationship between the United States and Japan. Market limitations are the Achilles' heel of the North-North co-operation.

South-South co-operation, a powerful lever facilitating co-operation among the developing countries, is receiving growing emphasis. Exchange of resources and market and technological co-operation among the South countries are important to their common prosperity. Born of similar experiences, they have no fundamental interest in conflict and no psychological blocks hindering co-operation. The South-South co-operation has attained many achievements and will attain further success. But the point is that the current co-operation is still at a low level because its participants are all poor and short of capital and technology.

Obviously, the key to full international economic co-operation is co-operation between the North and South. But the South is poor while the North is rich, and that gap is still widening.

## Rich North, Poor South

For hundreds of years, colonialist and imperialist countries in the North forced their cruel designs on the South. The South's vast resources were plundered to lay the foundation for the modern edifice of the northern empires. The blood and sweat of the people of the South was the source of the North's capital accumulation. But

the North became richer than ever before after World War II, when the colonized countries were winning independence one after another. That is because:

First, the North was able to wield its accumulated capital, technology and scientific infrastructure to its advantage in peacetime. That laid a solid cornerstone for its subsequent economic growth.

Second, state welfare policies relieved the strain of domestic class contradictions and won a relatively stable environment for further development. That is an important premise for economic progress.

Third, advanced technology has brought enormous fortunes to the North.

Fourth, with its advanced products, the North has been able to trade unfairly with the South, maintaining the traditional trade balance in its favour.

The North's prosperity, then, is built directly or indirectly on its exploitation of the South.

But the South has only itself to blame for some of its poverty. Factors such as failed policies and improper management can be held responsible to varying degrees in particular countries. It is not practical to blame the North for all the South's troubles, though exploitation is truly a root cause of the situation.

## What Should Be Done

The question of action can be discussed in three fields.

First, without the co-operation of the South, developed countries will gain no further development; instead, they will slip into grave economic crises. That is because:

1) Contemporary economic development is usually based on five factors: Capital, labour, re-

sources, technology and markets. It appears that no country can maintain all five by itself, and even all the North countries added together are not likely to possess all of these factors. Generally, the North enjoys an advantage in capital and technology, whereas the South has superior resources and bigger markets. As to labour, the North is superior in quality, and the South in quantity. Therefore the North must rely on the South for resources, markets and labour co-operation to promote prosperity.

2) Judging each factor singly, the economies of the North are built on increasingly sophisticated technology. However, their traditional expertise, preliminary processing, and medium- and lower-level manufactures must depend on the South to a large degree. That is why huge trade imbalances have arisen between the United States and some developing countries — in the latter's favour.

3) Independence movements and national-liberation movements have made gunboat diplomacy increasingly impossible and prevented the North from further plundering the resources of the South. The rising South countries can protect their sovereignty, and therefore their resources, while South-South co-operation in raw materials grows into a powerful competitive force. An illustration of this, and one North countries should long remember, is the coordinated action taken by the petroleum exporting countries in 1973.

On the other hand, in order to realize its modernization, the South must carry out effective economic co-operation with the North. Capital and technology, which are imperative in economic modernization, cannot be expected to fall from heaven; they are only attainable through steady accumulation. The North has large amounts of capital and advanced

technology. To refuse to make use of this is to ignore the reality. Deng Xiaoping said recently, "No nation of this world can hope to develop behind closed doors. For China to quadruple its gross national product by the end of this century, it must continue its open policy, strengthen international exchange, and introduce advanced technology, scientific research and capital from the developed countries."

The North and South face two basic choices. One is to let present situation go on, with the South still trying to shut its doors and trade with the North according to the old unfair pattern while the gap between them widens. If this continues, sooner or later the North-South economic confrontation will surely become a political one.

The second choice is co-operation. The resources and markets of the South will help the North continue its economic development, while a developed and prosperous South will mean expanded markets and persistent support for the North's development.

Here one thing must be noted. We do not mean "co-operation" in its traditional sense. Trade under the banner of "economic co-operation" has historically meant unequal exchanges. The result of this is that the North, with only 20 percent of the world's population, has taken 80 percent of its wealth. The co-operation we speak of is equal and of mutual benefit, and is directed at eliminating the old imbalance. The co-operation we have carried out so far is mainly composed of agreements between governments. It is far from enough. Though governmental support is important, co-operation among people deserves much more effort. Far-sighted experts and businessmen should join hands to develop a new world economic order leading to common prosperity. □

# Landlocked Province Opens to the World

*Following the 14 coastal cities that opened their doors to outside world, China's inland provinces also began welcoming trade, investment and advanced technology from overseas. The Sichuan Symposium on Investment held in Chengdu in April showed that Sichuan is attractive to foreign investors in spite of its distance from the coastal ports. How do overseas businessmen, local officials and entrepreneurs see Sichuan's investment environment? Some answers to that question are in this special report. — Ed.*

## Promising Investment Environment

— **He Haoju, vice-governor of Sichuan Province spoke on the advantages and disadvantages of Sichuan's investment environment in an interview with *Beijing Review* correspondent Zhang Zeyu.**

**Question:** What results were achieved at the Sichuan symposium this April?

**Answer:** We have achieved good results, and reached the targets we expected. The symposium drew more than 1,000 business representatives from Hongkong and Macao and more than 20 countries including Japan, the United States, Britain, France, Italy, the Federal Republic of Germany, Yugoslavia and Singapore. Talks with them resulted in the signing of 170 economic and technological contracts with a total value of US\$260 million, including US\$80 million in foreign investment and US\$45 million in foreign trade. The deals involved machinery, electronics, chemicals, silk textiles, food stuffs, medicines, construction materials, tourism, agriculture and animal husbandry.

I think the most important thing is that the symposium gave investors a good opportunity to see Sichuan. And it also helped us get a better understanding of the outside world. Really, the symposium has paved the way for further eco-



He Haoju.

omic and trade relations with foreign countries.

**Q:** Is this the first time Sichuan has had large-scale contacts with the outside world?

**A:** Yes. But since 1979, when China promulgated its open policies, Sichuan has made some progress in attracting foreign investment. By the end of last March,

Sichuan had used foreign funds to import 128 technical items with a total value of US\$140 million. Of this amount, US\$63 million were foreign investments made in 1979-83. The amount rose to US\$29 million in 1984, and it was US\$48 million in the first three months of this year.

Sichuan can produce a rich array of products, and this opens up broad prospects for foreign trade. Some of its commodities have won quality awards in national competitions. The value of Sichuan's exports last year was only US\$400 million, ranking 13th among China's 29 provinces, municipalities and autonomous regions.

Generally speaking, Sichuan is still not yet completely open to the outside world. To change this situation, in the second half of last year we began sending observers to China's coastal cities and overseas to learn from these more advanced areas. At the end of last year they worked out a detailed plan for bringing in foreign investment and advanced techniques and for improving foreign trade.

**Q:** What are the main points of this plan?

**A:** We will offer the following preferential terms:

For joint ventures, co-operative enterprises, compensatory trade, enterprises doing processing work with materials supplied by foreign companies, top consideration will be given them in the supply of raw materials and energy, in transport, and in the installation and use of posts and telecommunications facilities.

Land rentals in our large and medium-sized cities are lower than



those in the coastal cities, and the rates in the small cities are still lower.

Sichuan will simplify examination and approval procedures for joint ventures, co-operative enterprises, and enterprises with exclusive foreign investment. We will also provide necessary services such as insurance, notarization and bank guarantees.

Sichuan will double its 1984 export volume by 1990. To reach this goal, we will export more farm and sideline products, raise the quality of our exports, import advanced technologies and equipment, and develop new products which will be able to compete on international markets.

**Q: What are Sichuan's advantages and disadvantages, as far as your investors are concerned?**

**A:** There are three main advantages and four drawbacks. The three advantages are:

— Rich natural resources. Sichuan has almost every mineral or energy resource found in any other province. It is also strong in agriculture, livestock breeding and forestry. It has China's largest deposits of rare metals such as vanadium, titanium and cobalt. Its output of grain, rapeseed, tung oil, silk, citrus and pork is among the highest in the country. Sichuan also produces nearly 3,000 traditional medicinal herbs, many of them unique to the region.

— Vast markets. Sichuan has a population of 100 million. With increased production and improved living standards, the purchasing power of its people is growing continuously.

— A strong industrial base. Sichuan has now developed into a major industrial base, especially in electronics and machine-building. Its fixed assets rank second in China. It is also worth mentioning that Sichuan has more engineers than any other province.

The four disadvantages are:

— Although Sichuan has a comprehensive network of railways, highways, inland waterways and airlines to link it with other parts of China, its transport distances are much longer than those of the special economic zones and coastal cities.

— Overseas businessmen still know little about Sichuan, and some even have no idea where it is. We need more publicity to let the outside world know about Sichuan.

— The state gives Sichuan less preferential treatment than it extends to the special economic zones and coastal cities.

— We also lack experience in foreign trade. But we have worked out a plan for training cadres in this field.

In the long run Sichuan's investment environment is promising. Favourable conditions dominate our outlook; our unfavourable conditions are merely temporary, and can be overcome. For example, long-distance transport is a real problem. But overseas businessmen who run factories in China's coastal cities often get the raw ma-

terials they need from distant inland provinces. That raises their transport costs. But if they set up their factories where these raw materials are found, they can save much money. In addition, they can also benefit from lower raw materials costs and cheaper labour. Moreover, the Changjiang (Yangtze) River gives Sichuan a convenient route to the coast. In short, investments in the inland provinces are genuinely worthwhile.

**Q: Can joint ventures and co-operative enterprises set prices for their products?**

**A:** So far, there are two kinds of prices in Sichuan. One category is for export products. Enterprises that produce products for export can set their prices according to international market demand. Commodities sold on domestic markets are priced according to state guidelines. China is now reforming its price system based on the exchange of equal values and the relations between supply and demand. Therefore, joint ventures and co-operative enterprises may soon have more power over the prices of products sold on our home markets.

**Q: Does your province get loans**

**The Chengdu No. 7 Radio Factory produces magnetic heads for cassette-tape recorders with equipment imported from the Ikejiri Electrical Company of Japan.**



from foreign countries or international financial organizations? And if so, what about your ability to repay them?

A: We get loans from two sources. Some funds come from the central government, which seeks loans from foreign countries and then allocates them to the provinces and autonomous regions. These loans will be repaid by the government. Others come directly from foreign countries, and these we repay by ourselves. For example, this February we, in the name of the Sichuan Changjiang Business Enterprise Corp., asked the

China International Trust and Investment Company to issue bonds worth 5,000 million yen in Japan. To bring in more foreign capital, Sichuan itself will issue bonds overseas and borrow money from foreign banks. Of course, all our actions must first be approved by the state.

The term of repayment we adopt is usually 10 to 20 years. We always take into consideration our ability to repay when we plan to absorb foreign capital. Based on the prevailing trends in Sichuan's economic development, I am certain we can repay US\$100 million a year.

detailed projects encourage them that taking part in the symposium would be worthwhile," she said.

"During the symposium," she added, "I am with five British companies, including the General Electric Company, who are actually attending the symposium. And apart from helping them, where necessary, I am also having meetings and doing preliminary liaison work on behalf of seven other British companies."

"This kind of business talks saved us much time," said Branko Markovic of the Yugoslavian Invest-Import Co.

"A few days of talks here gave us the opportunity to know many Chinese industrialists and entrepreneurs, and we have struck some bargains. The Sichuan Changjiang Business Enterprise Corp. wants to buy our machines, while we need their leather. It is good to supply each other's needs."

Zeng Guoming, chairman of the board of directors of the Multitech International Development (Holding) Company in Hongkong, said that a city or a region should open its doors to the outside

## Symposium Explores Inland Potential

by **ZHANG ZEYU**  
Our Correspondent

THE Sichuan investment symposium contributed to mutual understanding and the development of economic and trade cooperation between China and foreign countries. This is the consensus expressed by more than a dozen Chinese and foreign industrialists and entrepreneurs who spoke with me during the event, which was held from April 2 to 10. They hoped other provinces would hold similar talks.

### Good Form

Katharine Duxbury, the inward missions secretary of the Sino-British Trade Council in London, described the Sichuan symposium as "well organized." She mentioned in particular the Sichuan technical co-operation delegation which went to Britain in December 1984 to help acquaint the London commercial world with Sichuan's abundant natural resources and the potential market of its 100 million people.

"The delegation also announced

the province's plans to encourage foreign investment and import technology, her favourable terms for foreign trade and a detailed project list — each project included a contact name, address and telephone number. This thorough preparatory work gave British businessmen a firm base of information and helped to bridge the gap in distance between Sichuan and the United Kingdom. Specific,

Sichuan Governor Yang Zongzi welcomes overseas industrialists and business people attending the trade talks.



world. "In order to let outside world know you, you must publicize yourself," he said. "The symposium itself is a good form for passing information about the province to the outside world. The Sichuan authorities really did good work in preparation and advertising. You gave us a hospitable reception, and I am satisfied with the symposium."

Zhu Ligen, deputy head of the import and export section of the Sichuan Silk Company, said the symposium helped the outside world know more about Sichuan. "In the past," he said, "many foreign businessmen bought silk fabrics from Shanghai. But they did not know that much of what they purchased was actually made in Sichuan. This is because Sichuan did not open to the outside world until recently, and they rarely had the opportunity to visit Sichuan. Now more and more overseas businessmen are coming to know that Sichuan not only has abundant natural resources, but also a huge potential market."

### Opening Up New Market

When asked why British businessmen have chosen to come to an inland province to do business, rather than choosing a more accessible coastal city, Katharine Duxbury said, "There are a lot of businessmen in the coastal cities, and the competition is therefore greater."

"Of course," she continued, "from a political angle, Deng Xiaoping and Zhao Ziyang are both from Sichuan and many of China's recent reforms were given a trial in Sichuan first. Therefore, businessmen coming to Sichuan can also find out about the economic changes which have taken place in China as a whole."

Klaus Meyer, manager of the Rieckermann (Hongkong) Ltd. of Federal Germany, said, "The area of Sichuan is larger

than that of our country, and Sichuan has a larger population, too. We have done business with Liaoning and other places. Of course, we'd like to do business here. Although the province is far from the coastal cities, the opening of a new air route between Hongkong and Chengdu provides a fast link with the outside world. In addition, our company now has an agency in Hongkong. So, it seems to us that Sichuan, a remote but vast market, is not as far away as it once was. Our company's packaging machines are now sold in Hebei, Hunan, Fujian and Liaoning. I believe Sichuan will pur-

chase our packaging machines, too."

"Sichuan is really a potential market," said Zeng Guoming. "So far there are not a lot of overseas businessmen coming to Sichuan. To absorb more foreign capital, the Sichuan authorities will give foreign businessmen more preferential treatment. Usually, overseas businessmen could get better benefits if they signed agreements related with the first published list of investment projects. Our company should take this chance, and pick up some bargains at the investment symposium."

## Co-operation Breeds Success

by ZHANG ZEYU  
Our Correspondent

**D**OING business with foreign investors and partners has turned out to be good for all involved.

Sometimes, both sides may differ in working methods and philosophies, and they even may quarrel over economic interests and other matters. But all problems can be solved if they adhere to the principles of equality, mutual benefit and mutual accommodation.

A look at four joint ventures in Sichuan reveals that these principles are, indeed, being carried out in practice.

### Dispelling Doubts

Take, for example, the case of the Sichuan (Sino-Japanese) Taxi Company, the province's first joint venture. Funded by the Sichuan Changjiang Business Enterprise Corp. and Mazda and C. Itoh & Co., Ltd. of Japan, it took delivery of its first 200 Japanese taxis in

March. Over 100 of the cars are already on the streets of Chengdu, the provincial capital, giving round-the-clock service.

The joint venture is going on smoothly, a fact mainly attributable to the friendly relations established between Sichuan and Hiroshima in September 1984. Of course, another important factor — mutual understanding — can't be ignored. Before the Japanese companies decided to co-operate with Sichuan, they had some worries: Could the joint venture stay afloat for long? Would supplies of oil be guaranteed? And was it possible for them to remit their profits to Japan? The Chinese side patiently explained their position on all these problems. As for the issue of foreign currency, the Japanese companies are allowed to remit a proportion of their profits to Japan. The taxi business earns foreign currency because most of its passengers are foreign tourists, overseas businessmen, overseas Chinese and compatriots from Hongkong and Macao. If the company failed to earn enough foreign currency in Sichuan, its losses would be covered by the Chinese partner. This ex-

planation eased the Japanese partners' worries and the deal was soon closed.

"We are very satisfied with the co-operation," said Hiroyasu Tanaka, deputy-chairman of the board of directors of the company. "Sichuan is a potential market of 100 million people. So far, that market is still undeveloped. Looking towards the future, I am sure that more and more foreign businessmen will turn their eyes to Sichuan, and do business there. The competition will become greater. I hope our company will take root and continue to develop. The two sides in this co-operation are to the company what parents are to their child. The parents always hope their son will grow up to be a qualified man," he said.

### **Making Concessions**

Another example is the Cogeca-China Chuandong Co. Ltd., which is located at Sichuan's Wanxian County on the upper reaches of the Changjiang (Yangtze) River. The joint venture is composed of the Chuandong Leather Company and the Italmacchine Plants S.P.A. of Italy, and uses equipment imported from Italy. The joint venture involved a total investment of 1.95 million yuan, of

which 60 percent was provided by the Chinese side.

Although the factory opened for business in May, its construction was not plain sailing. In June 1982, after a letter of intent was signed in Guangzhou, the Italian partner made an on-the-spot survey of its site in Sichuan. They held that Wanxian provided a poor investment environment because it had neither airlines nor railways to transport the new company's products to market. The Italian company hesitated, and considered backing out of the deal. In July 1983, however, they finally reached agreement with their Chinese partners, and in the past two years the Sichuan factory has recorded sales reaching US\$1.5 million.

During the negotiations, both sides made some concessions.

Land lease fees, for instance, were set at five yuan per square metre per year. The Italian partner is responsible for sales of a portion of the factory's products on the international market, so as to earn enough foreign currency to balance the joint venture's foreign currency expenditures for the year.

The Chinese side, for its part,

agreed to import machines and facilities from Italy, while the Italians cover the cost of training their Chinese personnel.

### **Sincerity in Co-operation**

During the April Sichuan symposium, businessmen from Sichuan and overseas all showed a sincere desire for co-operation. The result was the signing of 10 contracts on new joint ventures.

The China Sichuan Aluminium Engineering Co. is a case in point. The deal involved the Sichuan International Economic and Technological Co-operation Company, the Chengdu Airplane Company and the Multitech International Development (Holding) Company of Hongkong.

Zeng Guoming, chairman of the board of directors of the Multitech, said: "The deal went through without a hitch. This fact can't be separated from the sincere and active co-operation on the part of Sichuan."

"This time we came to Sichuan to attend the symposium. Apart from making money in Sichuan, we also want to express our love for the motherland," said Zeng. "Sichuan's transport conditions are poor, but we can get cheap raw materials and cheap labour. Sichuan has a strong technical force, and some local factories can process the spare parts we need."

The joint venture involves a total investment of US\$5 million. According to the contract, the Chengdu Airplane Company will provide the factory buildings, land and some equipment. Its contributions, valued at US\$2.5 million, amount to half of the venture's total investment. The two other companies share the remaining investment equally. The enterprise will mainly produce aluminium window and door frames. In its first year of opera-

*(Continued on p. 30.)*

**Chinese and Italian Technicians check machine installations in the Cogeca-China Chuandong Co., Ltd.**



## Guangdong Corp. Looks Overseas

"The Guangdong International Economic and Technical Corporation (GIETC) has signed 25 contracts on undertaking projects and providing labour service overseas in the past year. The contracts were valued at US\$20 million," said Jin Bixian, manager of the managerial department of the GIETC.

Founded in 1983, GIETC is a state-owned enterprise led by the Guangdong Provincial People's Government. It has set up four companies — the Guangdong Water Resources and Electric Power Engineering Development Company; the Nanfang Real Estate Co. Ltd.; the Guangdong Labour Service Company; and the Guangdong New Techniques Service Co. Ltd. It also has four regional subsidi-

The Friendship Building in Shenzhen undertaken by GIETC.



aries in Zhanjiang, Shantou, Foshan and Jiangmen.

Located in the coastal area bordering on Hongkong and Macao, Guangdong is home to many overseas Chinese and has unique advantages in running joint ventures and co-operative enterprises with foreign firms. Zheng Tuobin, who is now minister of foreign economic relations and trade, attended the opening ceremony of the Sino-Maltese Service Co. Ltd., a joint venture financed by GIETC and Malta.

Between 1982 and 1984, the province undertook 42 construction, building materials and water conservancy projects in a dozen Asian, African and Latin American countries, and in Hongkong and Macao. The contracts were valued at US\$97.63 million. It also signed 68 labour service contracts on sending cooks, fishermen, tailors and chauffeurs to other countries — deals that were worth US\$26.6 million.

GIETC has also set up joint ventures with foreign firms, undertaken inter-governmental foreign economic aid projects and participated in bilateral and multilateral economic and technological co-operation between countries. The corporation has offered technical services for foreign countries including:

- Topographic and geomorphological surveying, geological resources exploration and construction site planning;
- Drafting service, technical data and economic and technical consultation on engineering projects;
- Feasibility studies on engineering projects; and

- Technical guidance and personnel training.

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## China Fishes Foreign Shores

It was reported that four tons of fish were caught by a Chinese fleet in its first haul in Guinea-Bissau last month. The fleet, composed of a refrigerator vessel and 12 Chinese-made trawlers, was sent out by Beijing in accordance with fishing co-operation agreements signed by China with Guinea-Bissau, Sierra Leone and Senegal.

Since 1981, 40 countries have asked for fishing co-operation with China. After business talks, China set up eight co-operative enterprises in countries, including Guinea-Bissau, Sierra Leone, Senegal, Sri Lanka, Mauritius and Guyana. Recently a co-operation agreement was initialled by China and the United States on Chinese fishing in Alaskan waters.

An oceangoing fleet sent out by the Chinese government has begun operations in West Africa. China will also carry out co-operative ventures in Alaska, East Africa, South Asia and Latin America. It is expected that by 1990 several dozens Chinese refrigerator and fishing vessels will work the above-mentioned areas. Part of the catch will be used to pay fishing taxes according to the local stipulations and the rest will be sold on international or domestic markets.

China will abide by the principle of "equality and mutual benefit for common progress," and adopt flexible methods in its co-operation with other countries. For instance, China has used tax payments to build six 135hp fishing boats for Guinea-Bissau and offered technical services and other consulting services in Guinea-Bissau.

## Foreign Firms Eye China Market

"We have our eyes on the future rather than on the present. With one-fifth of the world's population, China has an immeasurable market potential," said Masafumi Bamba, an official of the Mazda Motor Corp. representative office in Beijing.

Mazda, with an annual output of 1.3 million auto and truck engines, is one of Japan's major motor producers. Its products have been marketed in 130 countries and it has factories in 16 nations.

Mazda Motor Corp. began exporting its products to China in 1956 and has sold 15,000 so far. It plans to sell 10,000 motors to China this year. Masafumi Bamba maintains that although many other Japanese motor vehicle factories have sold their products to

China, he is confident that his corporation is competitive.

"Our task at present is to enable our Chinese clients to have a better understanding of Mazda's products. We shall set up maintenance centres and improve our service system. To this end, Mazda has set up a maintenance factory in the Zhuhai Special Economic Zone in Guangdong Province. We shall also set up five similar centres in other cities including Beijing, Guangzhou and Harbin this year," Masafumi Bamba said.

Many overseas businessmen share Masafumi Bamba's views, and have made long-term plans to get into the vast Chinese market. David Simpson, vice-chairman of the board of directors of Gould Electronics Inc. of the United States, said that his company will have great opportunities to carry on trade with China, because China is a virgin business market.

Since 1979 more and more representative offices have been set up in Beijing by foreign enterprises and corporations. From 1980 to May this year, enterprises and economic organizations from 35 countries and regions established 640 offices in Beijing. From January to May 1985, 85 enterprises registered to do business with China. Of the

total, 230 offices were set up by Japanese firms.

### NEWS IN BRIEF

- China is co-operating for the first time with foreign oil firms in developing onshore oil resources. The first contract, for exploring reserves on Hainan Island in south China, will soon be signed by the Hainan company of the China National Oil Development Corporation (CNODC) and an international consortium formed by Australia and other countries.

The contract covers a block of about 2,800 square kilometres in northern Hainan. The Chinese government has decided to call for foreign co-operation in onshore oil exploration in ten southern provinces.

Under the contract, all expenses and possible risks will be borne by the four companies forming the consortium.

- A contract on establishing the Sino-Lummus Engineering Company, a petrochemical joint venture, was signed on June 1 in Beijing.

The 20-year agreement was concluded by the China Petrochemical International Company and the Lummus Crest Inc. of the United States.

The new Beijing-based company will build refineries, petrochemical plants, synthetic fibre plants and other projects, and modernize old facilities in China and abroad.

It will also supply domestic and foreign firms with services including project feasibility studies, basic design and construction management.

This is the China Petrochemical International Company's third joint venture with US companies.

The Sino-Japanese Taxi Company in Sichuan Province has started its business in Chengdu and other cities.



### Hitching Posts Reflect Ancient Life

More than 2,000 engraved hitching posts have been discovered in Weibei district, northern Shaanxi Province, preserving a Chinese folk art dating back to the Southern Song (1127-1279) and Yuan (1271-1368) dynasties.

In ancient times, the possession of mules and horses symbolized prosperity. To show off their wealth, many local people sank hitching posts in front of their homes.

After three years of research, artists and archaeologists found more than 400 posts with artistic value. Tall (about 240-270-cm high), heavy and sturdy, they reflect the vigorous and forceful artistic style of their anonymous masons.

The posts are mostly square or octagonal in shape, capped by a drum or lotus flower, which in turn supports the sculpted figure of a man or an animal. Many posts feature designs carved in relief,

including flowers, plants, birds, animals, clouds and waves.

The figures most often carved are lions and monkeys. Almost all the lions' features are exaggerated to add fierceness to the beast; some stand with their hair pointing upwards like horns, while others crouch with their foreheads pressed flat and low. Bold strokes are incised on almost-flat faces to stress the wild and wilful nature of the animal.

The monkey images, on the other hand, stress the animal's liveliness. The ancient artists depicted the animal's typical postures to show its agility and grace. Some of the images are personified. One, for instance, shows an old monkey seated, cupping her chin in her hands as though meditating despite the small monkey playing mischievously on her back.

The human figures engraved on the posts portray the society of the time. Most show warriors riding

wild animals, their many postures shaped to fit the different shapes of the stones: some forge upward, while others sit upright or lean to one side. Each illustrates the temperament of its subject, showing men who are generous, aggressive, prudent, solemn or humorous. The sculptures also portray the images of shepherds, old people and children. Because their creators belonged to different tribes, they present a gallery of the lives of many ethnic groups.

Free, vivid, ardent and unconstrained, the artistic style of the hitching posts is quite different from that of China's stern and mysterious religious grottoes and tombs. But the posts also illustrate some of the superstitions of the country folk of their era. The lion, for instance, was regarded as the king of animals; its carved image thus reflects the local belief that the beast would scare away evil spirits and protect their livestock. A woman or a monkey with a baby on its back symbolizes fertility, while warriors riding wild beasts show off male pride.



## Revolution-Watcher's Life Retold

### Right in Her Soul

— The Life of Anna Louise Strong  
Written by: Tracy B. Strong  
and Helene Keyssar  
Published by: Random House,  
New York

The authors, the grandnephew of Anna Louise Strong and his wife, Helene Keyssar, have done a remarkable job of capturing in print the bold spirit of this famous journalist, whose career spanned the first 70 years of the 20th century and whom they had never met, except for a fleeting airport rebuff experienced by Tracy when he was eight years old.

The fact that they were able to get right into the soul of this fascinating and complicated woman and bring to their readers her thoughts, her hopes and needs, her strengths and weaknesses as well as her overpowering drive to fulfill what she knew to be her destiny, is testimony to their ability as biographers and to hers as a writer who revealed herself in her work.

The biography, published in 1983, tells the story of her very full 84 years of life in the United States, the Soviet Union and China. For this journal, I will dwell almost exclusively on her years in China.

Strong made six visits to China, the first in 1925 when she was 40 years old. She was by that time an experienced journalist, a seasoned traveller and single-minded in pursuing her goal of gathering information on revolution from the very best sources and dispensing this information to the rest of the world.

She had behind her a record as

a brilliant student, receiving her doctorate in comparative religion from the University of Chicago at the age of 22, a successful organizer of exhibitions on child welfare throughout the United States and in other countries, a feature writer on the *Seattle Union Record* and a foreign correspondent in Poland and the Soviet Union.

She had left the United States early in 1921 to go to the newly founded socialist Soviet Union to see for herself what revolution was all about.

In the fall of 1925 she found herself with no commitments until the beginning of her American lecture tour in January and headed for China via the Trans-Siberian Express on "an adventure she had wanted for years."

Once in Beijing, she immediately set out meeting new people and renewing old friendships. She was invited by several organizations to lecture on developments in the Soviet Union, and her enthusiastic audiences included many of Beijing's activist students who were hungry for knowledge of the Marxist-Leninist experiment.

She ran into an old friend from Moscow, Fanny Borodin, whose husband was then advisor to the Kuomintang in Guangzhou, and Fanny urged her to come and see what was happening there. "Anna Louise was easily persuaded, and Fanny set about making arrangements through Soong Ching Ling."

Meanwhile, Strong took a frigid train trip north of the Great Wall to interview Feng Yuxiang, the "Christian general," with whom she was not overly impressed. She

also met his wife, Li Dequan, who 33 years later as Minister of Public Health would welcome Strong to the People's Republic of China on her final visit.

Once in Shanghai, arrangements for her passage to Guangzhou via Hongkong were difficult to make because the great Hongkong-Guangzhou strike had begun in June of that year. It was accomplished with the help of the Soong and Liao families, whom Strong would later meet in Guangzhou.

Her time in Guangzhou was filled with the excitement of meetings and speeches to militant women's groups. She discussed the political situation with her old friends, the Borodins, and her new friends, Soong Ching Ling and the Liaos, and left reluctantly to keep a speaking engagement in Japan.

That first trip to China certainly must have been filled with enough of the newsworthy and the exciting to satisfy even such an intrepid reporter of revolution as Strong. In China and the Chinese people she found a fascinating subject to which she would have liked to devote her full time. But she had other obligations: Her annual lecture tour in the United States, her newspaper work in Moscow and her job as a foreign correspondent. Strong lived by the Western work ethic and never turned her back on it. She was only unhappy when she didn't have work to do.

She was back in China two years later in 1927, arriving by ship in Shanghai from the United States. It was a grim and critical period, the time of Chiang Kai-shek's betrayal, and Communists



were being slaughtered in the streets of Shanghai. Strong went on to Hankou without much delay to see "what it was that filled Hankou with such intensity."

This trip resulted in her joining the Borodins and a small group of people in their historic drive across Henan, Shaanxi, Ningxia to Ulaan Baatar, the capital of Mongolia, and on by car and train to Moscow. She wrote about this amazing trip in *China's Millions*.

Her third trip to China was not until 10 years later, when she was 52 years old. She came to Hongkong from Venice, Italy, by ship and made her way quickly to Hankou, where she found the "chaos of human misery. . . . Tens of millions of people fleeing westward from the Japanese jammed the roads, waterways and railroads; refugees swarmed over every inch of the city, seeking food, shelter and lost relatives."

She managed finally to make her way to Shanxi, where she met and talked with Zhu De and other generals of the Eighth Route Army.

Her most important interviews on that visit, however, were in Hankou with Zhou Enlai and Deng Yingchao, from whom she learnt a great deal about the status of women in China.

She also met for the first time on this trip Kang Keqing, Agnes Smedley and Edgar Snow. By early March 1938 she was back in California ready to tell the American people about the people of China. From this journey came her book *One-Fifth of Mankind*.

Strong's fourth visit to China came about rather by chance as she was trying to find a route back to the United States from war-torn Russia. She was told that there was a plane from Alma-Ata to Chongqing, and thus arrived in Chongqing in late December, 1940.



Anna Louise Strong and Zhou Enlai at her 77th birthday party, 1962.

Here she was most fortunate to discover that Zhou was living in the city and had sent word "that he would like to meet with her for a series of late-evening interviews. On the first evening he revealed that he wanted to give her a detailed account of the armed clashes between Chiang's generals and the Communist-led forces." Zhou told her not to publish the material until she received word to do so, as he did not want to increase friction prematurely. "But," he added, "we want this material to be in trustworthy hands abroad to release if Chiang, as we fear, attacks more seriously."

Strong accepted the task as an honour, and, upon her return to the United States in January 1941, she received the letter telling her to go ahead. This she did with some difficulty as the US press, even for such a scoop, was not about to publish anything favourable to the Communists. She finally managed to get the material into print by putting it under the byline of a friend who worked on the *New York Herald Tribune*. She later remarked that the article under another name was "the only real scoop I ever had."

The fifth and perhaps most famous visit, to Yen-an, came in 1946 when Strong was 61. Again no easy transportation was available, but with her usual tenacity and nose for out-of-the-way information she got herself booked on an official National Air Transport Service flight from San Francisco to Shanghai on the grounds that her proposed visit was "in the national interests of the United States." She was in Yen-an by July 31.

She proceeded immediately to Beijing, staying with her nephew Robbins who was working as a missionary. Soong Ching Ling helped with entry papers to Yen-an and Strong got on a Dixie Mission flight and was in Yen-an by July 31, 1946.

Her biographers relate that Strong was "happier than she could ever remember being" in Yen-an. They quote her: "There was no sense of hurry in Yen-an. There was a sense of the ages, of time and space. There was a sense of the earth and the slow rhythm of the seasons, of the wide difficult expanse of the Chinese land and the wheeling of the sun above it,

bringing seedtime and harvest... So Yen-an, despite the war, ... (was) ... a haven of peace."

Strong is known in China as "the paper tiger lady" because it was here in Yen-an that the famous interview with Mao Zedong took place, in which he first made the statement, "All reactionaries are paper tigers." Here she had easy access to all the leaders of the Chinese revolution and she settled with pleasure into living in her comfortable cave and planned to spend the winter writing their story.

Unfortunately, the civil war intervened and Yen-an had to be evacuated. Both Mao and Zhou thought it would be better if she did not try to stay in the Shaanxi hills, but went back to tell her story to the world. So in mid-February 1947 she left for Shanghai, where she spent some months finishing *Dawn Over China* and trying to get dispatches printed in the US press. In July 1947 she returned to Moscow.

The 12 years following Strong's departure from Yen-an were probably the most difficult of her life. She was arrested in Moscow in

February 1949, just as she was in the process of returning to China. She was deported and returned to the United States, only to be completely ostracized by her comrades on the left. Travel to China was impossible, as she was denied a passport.

It was not until the summer of 1958 that the passport situation in the United States eased and she was able to make arrangements to travel to Beijing. She would be 73 years old in November and she was not in the best of health, as she was suffering from Paget's disease and could only walk with the aid of crutches. This was her sixth trip to China, and it turned out to be her last, for she stayed until her death in 1970 at the age of 84.

During those final 12 years she regained her health and continued her unrelenting work pace. She moved into quarters at the Peace Committee compound and lived a gracious and pleasant life. She travelled all over the country, including Tibet. She wrote about all she saw and interviewed the man on the street as well as the state leaders.

Her later years were saddened

somewhat by the abrupt disappearance of friends during the "cultural revolution." Her sources of information also dried up to some extent and she found it much more difficult to write.

But, on the whole, her last years were happy ones, and she even claimed that life in Beijing had improved her disposition.

For any common person, these six trips to China over half a century, plus the books, newspaper articles and lectures that were given about them, would have provided quite a full life. But for Strong it was just a small part. She worked in her own country until she was over 30 and then spent another almost 25 years working in the Soviet Union. During that time she also visited Mexico, England, France, Germany, Poland, Yugoslavia, Spain, Laos and Viet Nam and reported from many of these countries.

The wealth of material collected by Tracy Strong and Helene Keyssar in their biography of Anna Louise Strong and their clear and interesting presentation makes good history as well as a good story.

— Ruth Evans Coe

(Continued from p. 24.)

tion, it is expected to turn out 200,000 square metres of aluminium. In the following years, its output will reach 400,000 square metres. Two-thirds of its products will go for domestic use, while the remaining one-third will be sold abroad by the Hongkong partner. Its foreign currency earnings are first paid back to the Hongkong partner. The term of the joint venture is 15 years.

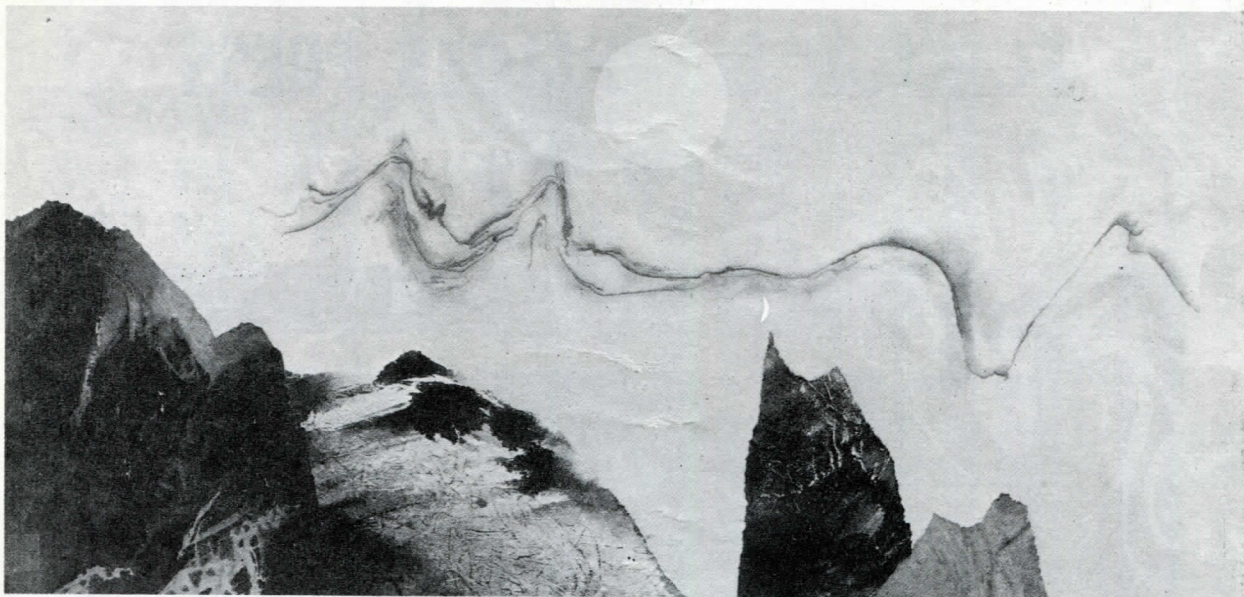
Another successful example is the Chengdu Beer Company, Ltd. The contract is concluded between the Chengdu Brewery and the Haase-Brauerei G.M.B.H.

of the Federal Republic of Germany. Though they had different views during their business talks, they were both motivated by a desire to accommodate each other and were finally able to reach agreement.

• **Proportion of products for export.** The Chinese partner initially asked Haase to sell 30 percent of the joint venture's products overseas. But the German company insisted on assuming responsibility for sales of only 10 percent of the beer. After consultations, Haase made concessions and agreed to increase its share to 25 percent.

• **Shares of investment.** The Haase company wanted to have less capital registered and to hold fewer shares in the joint venture — only 25 percent of the total investment. The Sichuan side expressed its understanding of Haase's fear of running risk in the Chinese market, and agreed with its demands.

• **The term of the joint venture.** The Chinese side suggested a term of 15-25 years for the co-operation. However, Haase asked for 30 years. Finally, a term of 25 years was set by both sides. □



Flowing Clouds and the Bright Moon.

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## ART PAGE

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Cloudscape.



Iceberg.

## Paintings by Liu Guosong

Born in 1932 in Yidu County,  
Shandong Province, Liu  
Guosong now teaches in the art  
department of the Chinese  
University of Hongkong.

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