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BEIJING REVIEW

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A CHINESE WEEKLY OF
NEWS AND VIEWS

In Memory of Smedley, Strong, Snow
Ethnic Peoples Enjoy Life in Beijing

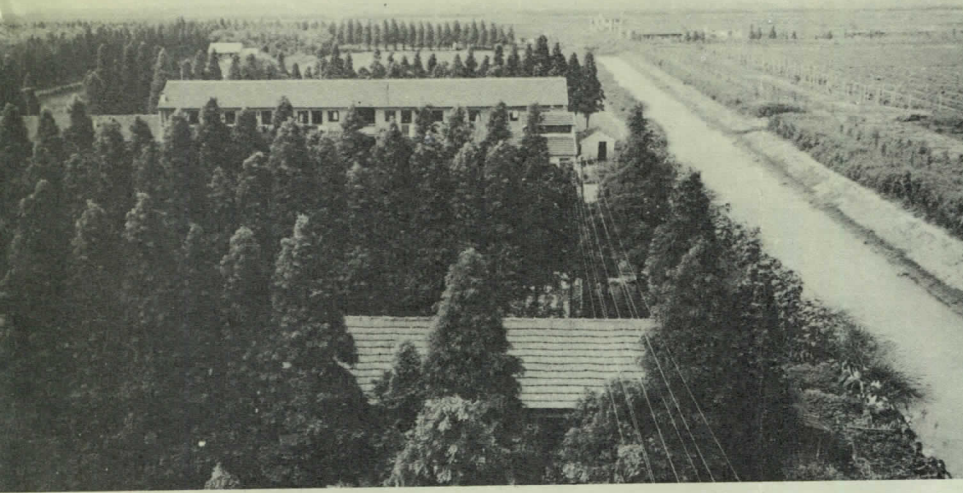


Reform Brings Business
Boom to Wuhan

Chongming Island

Chongming Island, China's third largest island, is situated at the mouth of the Changjiang (Yangtze) River. Covering an area of 1,083 square kilometres, the island is graced with fertile land and irrigation networks, which have led to rapid agricultural development. Over the past few years, Chongming's township enterprises have also prospered.

Chongming Island has some 347 hectares of forests and afforestation efforts have been fruitful.



Young workers assemble hair dryers at an electrical appliances plant.



A view of the Nanmengang Bus Park.

SPOTLIGHT

Tending geese.



A peasant family enjoys a new home.



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CONTENTS

NOTES FROM THE EDITORS	4
Developing Road and River Shipping	
LETTERS	5
EVENTS & TRENDS	6-10
China, Bangladesh Seek Closer Ties	
Deng Calls Reform an 'Experiment'	
Committee Begins Work on HK Law	
Construction Boom Stunts Development	
Forest Campaign Gains Momentum	
Kungfu TV Dramas Influence Children	
Hotel Growth Shows Imbalance	
INTERNATIONAL	11-14
Arab Countries: Hard Times Spark Readjustment	
European Community: Working Towards Political Union	
UNESCO: Steering Clear of the Storm	
Indonesia: Investment, Oil Fuel Growth	
Smedley, Strong, Snow — Bridge Builders From People to People	15
Minority People Living in the Capital	19
SPECIAL REPORT:	
Wuhan Rebounds With Economic Innovation	24
FROM THE CHINESE PRESS	28-29
BUSINESS & TRADE	30-31
CULTURE & SCIENCE	32-33
SPORTS	34
COVER: Pedlars from all over the country selling goods in Wuhan's streets.	

Photo by Wang Xinming

HIGHLIGHTS OF THE WEEK

China, Bangladesh Seek Closer Ties

President Ershad's successful visit to China is a sure sign that Sino-Bangladesh relations will prosper. The conclusion of a number of agreements will enable them to forge stronger ties in various fields of co-operation (p. 6).

Wuhan Rebounds With Economic Innovation

Wuhan has used the economic reforms to re-establish itself as a market centre for central China. Wholesale markets attract buyers from all over the country and innovative managers try out business ideas that would never have a chance in a more restrictive environment. Though Wuhan is still largely industrial, it is the thriving commodity circulation that has changed the face of the city (p. 24).

Smedley, Strong and Snow Remembered

A personal friend of Agnes Smedley, Anna Louise Strong and Edgar Snow, Israel Epstein recalls how the three famous American journalists and social activists became close friends of the Chinese people. Their works, he says, promoted understanding and friendship between the people of China and the rest of the world (p. 15).

Hard Times Spark Economic Changes

Facing economic difficulties at home and abroad, many Arab countries have adopted measures to improve their economies. Despite the rough road ahead, it is expected that they will gradually overcome their difficulties and problems (p. 11).

Minorities Enjoy Life in Beijing

About 320,000 ethnic people are now working and studying in the capital. They enjoy political equality and their customs and religious beliefs are respected and protected. Many of them have contributed to cultural exchanges, helped train minority cadres and assisted the country's modernization drive (p. 19).

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Developing Road and River Shipping

by **WANG DACHENG**
Economic Editor

China has long relied heavily on its railways. These essential transport links still handle half of the country's total cargo and will continue to be a mainstay of its transport network. But more highways and waterways will also be built to reduce the strain on that overworked system.

The nation now has 920,000 km of highways linking 93 percent of its townships and 64 percent of its rural villages. It also has 109,000 km of inland waterways and an ocean fleet totalling 10 million tons in capacity. But despite this massive setup, transport is still considered one of China's major economic weak spots, both in quantity and in quality. Of the country's highways, for instance, 85 percent are yet to be upgraded, and most of the motor vehicles now in use are time-worn, low in carrying capacity and slow. Their average working speed, in fact, is only 30 km per hour.

Harbour facilities are also inadequate. They are low in capacity, and cargo movements in some harbours are so slow that there are always long queues of ships waiting to be loaded and unloaded.

China badly needs to vastly improve its transport network. Among the main reasons:

— With the introduction of the responsibility system, which ties income to output, rural areas are discarding their traditional self-sufficiency in favour of a commodity economy. This means their products must be shipped to the cities, where they are exchanged

for capital and consumer goods needed by the peasants.

— Unbalanced distribution of energy and material resources calls for gigantic cargo movements. For example, energy-rich western China ships huge quantities of coal to the developed eastern provinces, which suffer large power shortages. North China also ships

While continuing to develop its railway transport, China will build more highways and waterways to meet the needs of its economic growth.

wheat, corn and soybeans to the south in return for rice.

— Foreign trade is increasing rapidly.

— The steady growth of personnel, information, and technology exchanges, along with a national tourist boom, has brought about a sharp rise in the number of passengers.

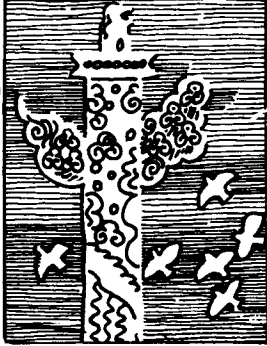
It is estimated that the number of people travelling by bus and boat will more than triple in the next 15 years — from 4.2 billion this year to 13.8 billion at the end of the century. The total freight tonnage carried by highways and waterways will also skyrocket from 5 billion tons to 14.3 billion tons. But that will not be enough. Only when railways and airlines have considerably developed can the needs of the economy and society be met.

Road construction, which is relatively cheap and fast, is considered best for medium- and

short-distance transport. So more new highways will be built and more old ones upgraded, and the emphasis of upgrading is laid in the relatively developed areas along the east China coast. These and other economic centres will become hubs for extensive highway networks serving the interior. More high-grade highways will be built to accommodate heavy-duty and container trucks and tourist buses.

The 1,900-km Qinghai-Tibet Highway will be resurfaced with asphalt and other modern materials. The Guangzhou-Shenzhen and Beijing-Tianjin-Tangshan expressways are now under construction as test cases to show whether such roads are needed in China. In remote and underdeveloped areas, local residents are encouraged to make their villages accessible to the outside world by building their own roads. It is planned that by the end of the century China will have 1.2 million km of public roadways.

For some time, China's inland waterways were under-exploited because few factories had been built near rivers. Too, water conservation projects were often promoted to the neglect of shipping development. This, plus the irrational management system, had crimped the development of inland water transport. In the future, China will tap the shipping potential of the Changjiang, Xijiang, Heilong and Huai rivers and the Grand Canal. Dams and sluice gates now hampering boat movement will be rebuilt, rivers dredged and widened, and inland shipping brought within the framework of local development plans. By the



end of the century, 30,000 km of inland waterways will be navigable for ships of over 300 tons.

A large part of the country's freight is handled by ships plying the east China coast, where several rivers provide excellent links with the rest of the country. This ocean-river system has been proving ever more important as the load on China's railways grows heavier.

More harbours will be built in the 14 coastal cities recently opened to foreign investment. These will include large modern ports using advanced technology and equipment, as well as a number of small- and medium-sized facilities. By the end of the century China will have 600 deep-water berths and a much larger oceangoing fleet.

To boost transport, the government now encourages all regions, collectives and individuals to run their own shipping companies. By the end of last year, Chinese peasants collectively or individually owned 130,000 trucks and buses, while 230,000 privately owned boats were sailing the country's inland waterways. These undertakings will be encouraged to co-operate with each other on a voluntary basis.

To narrow its huge transport gap with the developed countries, China will import advanced technology and co-operate with overseas businesses in running joint shipping ventures and building harbours. In the process, Chinese shipping companies will sum up their own experiences, improve their technology and management and increase their capabilities.

China Adheres to Socialism And Marxism

Your magazine has improved both in content and quality. Especially since December 1984 you have carried several formal speeches and documents made by the leaders of the Communist Party of China and the Chinese government. These materials removed my doubts, as well as those of other readers.

I am happy that China adheres to socialism based on Marxism. Of course, China's socialism has its own way of development and your Party has its own method in applying Marxism.

Socialism doesn't mean poverty, backwardness and ignorance, and Marxism doesn't mean you have to be faithful to its ideal in a utopian way. China has its own correct modernization policy and "one country, two systems" theory, which show superiority over other economic systems and political stands.

Please continue to build socialism in your Chinese way. And you are bound to succeed.

Flora Gonzales V
Gotemburgo, Sweden

I'd like to give my opinion about the article "Deng Says China Sticks to Socialism" (issue No. 11).

Some people were really worried about China's "open door" policy. Chairman Deng Xiaoping's speech removed their worries. At the same time, his speech gave a clear answer to those who hope China will become a capitalist country. He said China will always adhere to socialism. I sincerely support Chi-

LETTERS

nese leaders who have a strong belief in Marxism and communism.

Although I have never been to China, I have read some books about the history of the Communist Party of China. I learnt that the CPC has accumulated a lot of experience both in the practice and theory of Marxism. If a country wants to learn from other countries it can always do it. We must often learn from the Chinese people. Although Japan has different conditions than China, I believe that Marxism can be applied to any country and can be combined with the specific conditions of any nation because it is universal truth.

Kohei Salake
Tokyo, Japan

Bandung Spirit Be Carried Forward

By reading "Bandung Spirit Be Carried Forward," a speech made by Premier Zhao Ziyang (issue No. 18), I came to know the significance of the conference and the role China played in it. All participating countries in the conference were victims of colonialism and fascism. I feel strongly that this historical tragedy must not be repeated.

However, the world today is far from safe. There are many hot spots all over the globe, such as Kampuchea, Afghanistan and South Africa.

I hope *Beijing Review* will not only report on Asia and Africa, but also on other places of the world. I hope China can appeal for peace in all countries.

Yoshikazu Hasebe
Kumamoto, Japan

China, Bangladesh Seek Closer Ties

Sino-Bangladesh relations will prosper, as the two nations are friends and have no conflicts, Chinese leader Deng Xiaoping told visiting Bangladesh President Husain Muhammad Ershad.

It is the Chinese government's firm policy to continue strengthening its friendship, solidarity and co-operation with Bangladesh, Chinese President Li Xiannian said to his Bangladesh guest.

Li praised Bangladesh for pursuing an independent and non-aligned foreign policy, upholding justice, opposing expansion and power politics, and working to develop friendly relations with other countries, thus playing a positive role in international affairs.

Being the initiator of South Asian regional co-operation, he said, Bangladesh has consistently worked for improving and developing relations with its neighbours. The first summit of South Asian countries to be held this year in Bangladesh will be an event of great significance in South Asia, Li said.

"The Chinese people cherish most friendly sentiments towards all the South Asian peoples, and the Chinese government has all along committed itself to consolidating and developing friendly and good-neighbourly relations with the South Asian countries," said the Chinese president.

In reply, Ershad spoke highly of Bangladesh-China friendship. He said, "Over the years, our friendship has been reinforced and fortified by our shared outlook, common aspirations and commit-

ments, and, above all, by our belonging to the third world."

He said that relations between Bangladesh and China had manifested a promising growth since the establishment of diplomatic ties. "The conclusion of a number of agreements has enabled us to forge mutually beneficial co-operation in various fields," he added.

Under the agreements on economic and technical co-operation,

China would provide funds for the construction of a highway bridge over the Buriganga River in Bangladesh and several small and medium-sized projects.

The two sides also exchanged letters by which China would provide Bangladesh with four flat bottom oceangoing landing craft, worth US\$500,000. The craft will be given free as aid after recent disastrous flooding in Bangladesh.

Deng Calls Reform an 'Experiment'

Describing the ongoing economic reform as China's predominant and most pressing task, Deng Xiaoping said he hopes it will pave the way for stable, lasting and co-ordinated economic development over the next 50 to 70 years.

At a June 29 meeting with an Algerian delegation headed by Mohamed Cherif Messadia, a leading member of the permanent secretariat of Algeria's Party Central Committee, Deng said the reform will succeed in two or three years if the nation heeds the laws of economic development.

When Messadia mentioned the delegation's recent visit to the Shenzhen Special Economic Zone and praised the booming economy there, Deng said the special zone is still an experiment. Whether it represents the right direction is yet to be proven, he said.

Deng described the zone, which borders Hongkong, as a new phenomenon in socialism, adding, "We hope it will succeed. But if it fails, we can draw lessons from it."

Once an impoverished fishing village, Shenzhen has grown into a thriving industrial centre. As a window to foreign technology and management methods, the zone has cultivated extensive foreign ties.

The senior Chinese leader said the central task of socialism is to develop the forces of production. China is adopting all methods to help expand production, said Deng, including using foreign funds and importing advanced technology.

Speaking at another meeting, this one with visiting Turkish Prime Minister Turgut Ozal on July 2, Deng said the structural reform involves not only the economy, but also defence, science, technology and education.

Deng told Ozal, "We can only call it an experiment," though China had been carrying out the economic reform for five years. He said rural reforms have achieved good results, and the success or failure of the urban changes will be apparent in three to five years. But he said he is convinced the re-

form will be successful, as it benefits the nation and the people.

Committee Begins Work on HK Law

The 59-member committee drafting the basic law for the Hongkong Special Administrative Region is aiming to finish its work by 1990, Committee Chairman Ji Pengfei said at the group's first meeting in Beijing on July 1.

Fifty-six of the 59 members, including 21 from Hongkong, attended the five-day meeting.

Addressing his co-workers, Ji said, "Our committee officially began work today and will try to complete its tasks in four or five years."

Ji, who is also a state councillor and director of the State Council's Hongkong and Macao Affairs Office, urged the committee to work in the spirit of democratic consultation to successfully complete its "historically significant" mission.

The committee, said Ji, will prepare a draft by 1988 to solicit the views of all concerned, including Hongkong residents. The draft law will be published at the end of 1988 after reporting to the Standing Committee of the National People's Congress. Then the drafting committee will revise the law based on suggestions made during the first half of 1989.

The basic law, as mandated in the joint agreement signed last October between China and Britain, will be in effect for 50 years after China resumes its sovereignty over Hongkong on July 1, 1997. In the agreement, China pledged to maintain the prosperity and stability of Hongkong and to allow the city of 5 million people to keep its own social and political institutions.

"We will legalize the idea of one country, two systems," Ji said.

"Such an undertaking will not only build up a solid basis for a stable and prosperous Hongkong after 1997, but will also open a new way for reunifying our motherland," he stressed.

The committee was set up by a resolution of the National People's Congress at its third plenary session in April. Last month, the NPC Standing Committee approved 59 nominees to the committee, including 23 representatives from Hongkong.

Ji said the committee will aim to both safeguard China's sovereignty and maintain Hongkong's stability and prosperity. There will be in-depth investigations, and opinions and suggestions will be solicited repeatedly and extensively, especially from Hongkong compatriots.

Ji said he hopes the Hongkong committee members will exercise their rights well. He said they have a more thorough understanding of Hongkong and closer contacts with the people there.

The Hongkong-based committee members have been asked to organize a consulting committee in Hongkong to collect local opinions and suggestions, Ji said. The composition and the main contents of the basic law will be discussed next March at the

second meeting of the committee, he added.

On July 5, four top Chinese leaders—Hu Yaobang, Deng Xiaoping, Li Xiannian and Peng Zhen—met the committee members and wished them success.

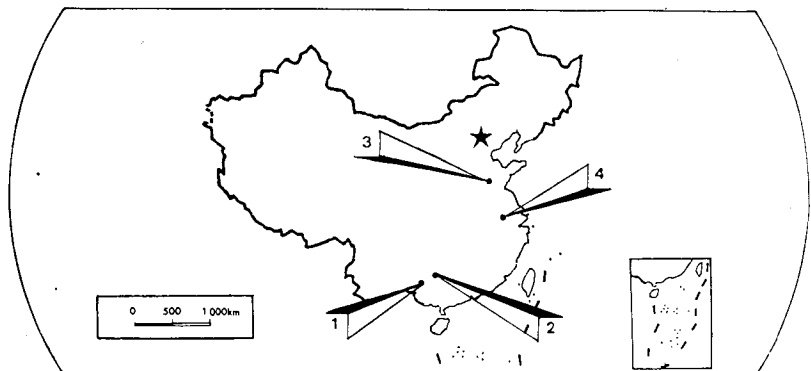
Construction Boom Stunts Development

A rapid increase in capital construction investment has stunted the healthy development of the national economy and aggravated the already serious shortage of building materials and transportation, said Zhou Daojiong, president of the People's Construction Bank of China.

A national survey shows that capital construction investment went up 35 percent in the first quarter, 37 percent in April and 42 percent in May as compared with the same periods last year. Investment in state-planned projects went up 1.6 percent, while investment in unplanned projects shot up 87 percent.

The survey also indicates that investment in energy and transportation and telecommunications—two areas that need massive help—accounted for only 21.5 percent and 15.5 percent of the

PLACES IN THIS ISSUE



1. Bama County (p. 9) 2. Rongshui County (p. 9) 3. Qufu 4. Maanshan (p. 9)

News in Brief

China's largest steel plant, part of the first-stage construction of Shanghai's Baoshan Iron and Steel Complex, was recently completed. The new plant is able to produce 6.5 million tons of steel a year.

Equipped with the latest technology and the country's best environmental protection facilities, the plant's productivity will be 15 times that of the average Chinese steelworks.

* * *

Almost a million people set out on July 1 to conduct China's first comprehensive survey of urban housing. The survey, to be completed by the end of the year, will study the amount, quality, use and ownership of housing in all urban areas. It will provide planners with reliable data to be used to improve housing conditions and housing management.

* * *

Since China's first patent law took effect April 1, more than 7,000 applications for patent rights have been submitted to the China Patent Office.

Domestic applications account for 70 percent of the total, and the others came from more than 30 countries and regions.

* * *

China's oil wells pumped out a total of 61.35 million tons of crude oil in the first six months of 1985. Daqing, China's largest oilfield, produced 27.38 million tons, a 3.1 percent increase.

The target for this year is 124 million tons.

total, down from 1984's 24 percent and 17.2 percent.

The disproportionate hike in capital construction spending, especially in heavy industry, Zhou said, has upset the balance of investment in agriculture, light industry and heavy industry. The boom in capital investment also caused the nation's accumulation funds to rise from 1983's 29.7 percent to 31.2 percent of the national income in 1984. It has disturbed the balance of supply and demand on the market. The price of steel, for instance, has gone up dramatically, he said.

Zhou said there are several factors responsible for the hike. Many cadres lack modern management knowledge. When they talk about economic development and reform, they immediately think of building new factories rather than devising ways to get their existing factories to perform better. This explains why bank loans in the first five months of this year increased by 160 percent and self-raised funds grew by 83 percent over the same period last year.

Another factor, said Zhou, is that many leaders like to launch new projects, but few take the responsibility for pushing the project through the complicated bureaucracy and making sure it progresses quickly. As everybody can see, there are construction sites everywhere, but few projects are finished on time.

Zhou suggested that projects which prove unnecessary and require raw materials not available locally should be cancelled. He also suggested postponing such projects wherever energy supplies run short.

As far as the construction bank is concerned, he said, stricter control should be exercised over loans. He contended that projects which lack firm construction schedules should not get loans.

Forest Campaign Gains Momentum

The United Nations Food and Agriculture Organization has declared 1985 the International Year of Forests. The declaration comes at a time when China is putting strong emphasis on rebuilding the timber resources that have been destroyed over the centuries.

Though China has launched a number of tree-planting campaigns in recent years, there is still much to be done. During a June 28 meeting held to commemorate the International Year of Forests, the Central Afforestation Committee and the Ministry of Forestry released statistics indicating that trees today cover only 12.7 percent of China's 9.6 million square kilometres, less than half the world average and a mere 18 percent of the world average per-capita forest cover.

But efforts to reforest the nation have begun to pay off. A "Green Great Wall" project begun in 1978 is aimed at planting a 7,000-km tree belt across China's northern reaches to block the encroaching desert. The first stage of the massive tree-planting project has been finished.

Forestry Deputy Minister Wang Dianwen told the meeting that about 26.6 million hectares of barren hilly lands have been allocated as private plots to more than 50 million rural households for afforestation in the past seven years. In addition, 274 nature reserves have been established, of which 263 focus on the conservation of forests and wild animals, including the giant panda.

With the promulgation of a forest law, legal measures have also been strengthened to protect forests and to clamp down on the unauthorized felling of trees.

According to Yang Zhong, China's Minister of Forestry, more than 5,100 people were arrested or sentenced to jail for breaking forestry laws and 1,900 cadres were dismissed or disciplined within the Party on charges of forest destruction last year.

These efforts have helped the nation protect and develop its forest resources. In his report, Wang said that China has reforested about 28 million hectares of land over the past 30 years, bringing its forest cover to 12.7 percent from 8.6 percent at liberation in 1949. Now there are more than 180,000 state and collective forestry centres or tree farms throughout China. They have planted more than 63 million hectares with seedlings.

However, Wang noted, China is still lacking forests. More than 80 million hectares of barren hillsides and waste lands still need to be forested. The scarcity of forests, indiscriminate cutting and acid rain have resulted in an ecological imbalance and a severe shortage of timber.

Due to the lack of effective legal measures, incidents such as indiscriminate cutting of trees still occur now and then. *Gongren Ribao* (Workers' Daily) reported on July 3 that more than 333 hectares of trees were illegally felled in five days in January at a forest farm jointly run by the state and a collective in the Bama Yao Nationality Autonomous County in the Guangxi Zhuang Autonomous Region. At another state-run tree farm in Rongshui County, more than 3,263 hectares of trees have suffered from unauthorized cutting since last October. At that farm some 1,731 hectares have virtually been cleared.

To increase China's forest cover from the present 12 percent to 20 percent by the end of the century, officials have called for a



A Link Across The Waters

A 50 km underwater utility cable was recently installed to connect Chianghai County, Liaoning Province, with several islands. The cable, financed by the fishermen themselves and installed with the army's help, will make it possible to supply electricity to 20,000 people living on eight small islands. It will also benefit the development of fishing and the seafood processing industry in the locality.

greater awareness of forests. "Greening our motherland and expanding afforestation" has become the state policy, the deputy minister said. An overall master plan for forest conservation and development and tougher laws to protect and save forests are in the works, according to Wang.

Kungfu TV Dramas Influence Children

A young boy in Anhui Province recently drowned while attempting to imitate a kungfu he saw on a TV programme. He fell off a cliff while trying to rush up a mountain with two friends.

Another 9-year-old boy broke his leg after leaping from a second floor balcony in a kungfu emulation. And the same fate awaited a 15-year-old kungfu fan.

Kungfu dramas and movies, made on the mainland or in

Hongkong, have gained immense popularity throughout China in recent years. Walking down city streets or country roads, visitors can hear children singing the songs they learn from kungfu TV shows or movies. And radios and stereos in shops echo the theme songs almost everywhere. When a kungfu TV series is on, usually on Saturday or Sunday evening, most children can be found plopped in front of the screen. And kungfu stars such as Huo Yuanjia and Chen Zhen, naturally, become childhood heroes.

According to a survey in Maanshan City, Anhui Province, more than 90 percent of the elementary and high school children are enthusiastic followers of kungfu programmes.

While watching TV may not cause too many problems, the real woes begin when the children start believing the fantasy world they see portrayed. In kungfu films, the combatants often leap off buildings, crash through doors

and take tremendous beatings that leave them only a little winded.

More and more parents complain that their children are imitating the fantasy stunts and are risking injury, and even death, in the process. They blame TV stations for not considering the social effects of the programmes.

"A child has little discerning ability, but has imitation ability," said one young mother in Beijing. "When a boy sees two kungfu actors beating each other on the screen, he may emulate them by beating his classmates the next day. Facing the problem, we have two roads to choose — stop showing all kungfu programmes, or forbidding your children from watching. As a mother, I have no right to ban the programme, but I can turn off my TV set when it shows kungfu. Actually, that's what I have been doing," she said.

Many kungfu fans, however, think it unnecessary to ban the programmes. Kungfu, they say, is a bright gem in China's cultural treasury. They admit that kungfu programmes may have some side effects on young watchers, but they put forward no practical measures to prevent the bad influence.

While kungfu is fairly common on TV, it has flooded the publishing industry. A tide of picture-story kungfu books are selling well all across the country. According to Jiang Weipu, chairman of the China Picture-Story Book Research Association, most kungfu books are series consisting of more than 10 volumes, and each series attracts literally millions of readers.

Huo Yuanjia, published simultaneously by five publishing houses, has sold 28 million copies. As a result of the popularity of kungfu, Jiang said, many parents

can find no other books suitable for their children.

"Some publishing houses are seeking profits while ignoring justice," Jiang complained. He said some books are "odd and incredible," "full of feudalistic contents." He noted that picture-story books, a kind of literary comic book common all over China, have provided millions of readers with artistic entertainment. Most children start out reading such books. "If a publisher only seeks money and forgets his duty as a 'soul engineer,' he will certainly bring harm to our future generation," he said.

Hotel Growth Shows Imbalance

While most common hotels in China are overflowing with Chinese tourists, the luxury hotels built to house foreign tourists are often partially empty, a sign that the luxury hotel market is saturated.

Most Chinese travellers have amazing tales to tell about trying to find a hotel room. The old saying — you are comfortable as long as a thousand days if you stay at home, but you meet difficulties everywhere if you go out only one day — sums up the current situation.

A Chinese tourist is lucky to find a bed in the corridor of a hotel after repeatedly running into "Full House" boards. "It is better if you have relatives living in the city you are going to," said Chen Xingrong, an official of the Service Bureau under the Ministry of Commerce. "Otherwise, you will have a hard time finding a place to pass the night." Sometimes, he added, people must sleep in railway station waiting

(Continued on p. 14.)

China & the World

Good Wishes to Gromyko

Chinese President Li Xiannian and National People's Congress Standing Committee Chairman Peng Zhen on July 3 sent a congratulatory message to Andrei Gromyko on his election as president of the Presidium of the Supreme Soviet. They wished Gromyko new success in his post.

Direct China-Indonesia Trade Established

Trade delegations from China and Indonesia recently signed a memorandum of understanding on direct trade between the two countries. The agreement is expected to bring an end to indirect trading by the two countries through a third party. It is also regarded as a major breakthrough in relations between the countries, which suspended diplomatic relations 18 years ago.

Astronaut Flies "Home"

United States scientist Taylor Wang, the first space traveller born in China, arrived in Beijing on July 6 on a two-week tour of China as the guest of the Ministry of the Astronautics Industry. His wife and two sons were travelling with him.

Wang, 44, emigrated to the United States 20 years ago from Taiwan. He now works at a jet-propulsion laboratory in California and has devoted 10 years of his life to an experiment about the movement of fluids in the weightless environment of space.

Arab Countries

Hard Times Spark Readjustment

To deal with current economic difficulties, many Arab countries have taken major steps to readjust their economies.

by **JIANG HONG**

WITH increasing economic difficulties at home and abroad, many Arab countries have adopted measures to readjust their economies.

The 21 Arab countries in the Middle East and North Africa can be divided into two types — oil-producing and non-oil-producing countries. The former, with their petroleum dollars, are much richer than the latter. However, almost all the Arab countries are raw-material producers and exporters, whether it be oil or other products. The Western economy has been sluggish over the past five years, and, as a result, demand for oil has fallen. Oil prices have dropped and prices for other primary products have also been weak. Meanwhile, prices for industrial products and foodstuffs, which these countries import from the West, have climbed steadily. In addition, the Iraq-Iran war and Lebanon's crisis have played havoc with the Middle East economy. Under such circumstances, the Arab countries have found themselves in economic trouble.

Mounting foreign debts are common to most Arab countries. According to statistics compiled by the Bahrain-based Gulf International Bank, the aggregate foreign debt of the Arab countries in 1983 was US\$100 billion, nearly 20

times the 1970 debt. The combined foreign debt of Iraq, Egypt, Algeria, Morocco, the Sudan and three other countries reached US\$94 billion.

The Gulf countries, with their rich oil deposits, have come to know prosperity. By the end of 1983, these countries had deposited US\$350 billion in the United States and West European banks. Nevertheless, these countries hit rocky times when oil prices plummeted. Saudi Arabia, the United Arab Emirates, Kuwait and Qatar all had budget deficits in 1982. When oil income was cut in half in 1983, they had to reclaim about US\$42 billion of their investments to make up their deficits.

Egypt, with the largest population in the Arab world, will see its income from labour service, tourism, oil and shipping drop in the 1985-86 financial year. The Sudan has suffered from the widespread famine. And Mauritania's grain output has met only 6 percent of the country's need for the past three years, while 70 percent of its livestock have died.

Facing this bleak situation, the Arab countries have taken measures to readjust their economies.

First, governments are cutting back on major construction projects. In the late 1970s, the oil-producing countries used their newfound wealth to launch a series of huge construction projects.

With the changed situation, rich countries like Saudi Arabia, Kuwait and United Arab Emirates are finishing the current projects but cutting back on new ones. In Saudi Arabia's fourth Five-Year Plan (1985-1989), projects will be reduced by 2.8 percent each year. Other oil-producing countries, including Libya, Syria, Qatar and Bahrain, have dramatically reduced the number of new construction projects.

Second, Arab countries are reducing expenditures, cutting welfare funds and eliminating foreign employees. These countries have scaled back spending on public projects and reduced or cancelled commodity subsidies. The Gulf countries have laid off 700,000 foreign workers and will send home another 300,000 foreign workers this year. Another 1 million foreign workers are to be dismissed over the next five years.

Third, Arab nations plan to reduce imports and change their export structure. Almost every Arab country relies on one or two major exports. The oil-producing countries, naturally, export petroleum. Mauritania exports iron ore. Morocco, Jordan and Tunisia export phosphates. Egypt, the Sudan and the People's Democratic Republic of Yemen export cotton, while Somalia and the Sudan export livestock. These traditional export items account for 98 percent of the Arab world's exports. In the past, almost all Arab exports were raw materials, but countries are now looking to increase the number of manufactured exports. Some oil-exporting countries have built their own oil refineries and chemical works. The European Community estimates

that the oil refining capacity of the six Gulf countries and Libya will reach 550 million tons a year within five years, equal to Western Europe's current refining capacity.

The Arab countries spend an estimated US\$35 billion importing grain each year. The imported wheat meets half the Arab world's needs and the imported sugar, edible oil, milk and meat make up 90 percent of the requirements. Those Arab countries with viable agricultural land have begun to stress the need to develop farming and animal husbandry.

Furthermore, the Arab countries have strengthened regional trade

and economic ties. Delegates to the sixth meeting on the Arab industry and development held in Baghdad, capital of Iraq, last October approved plans for building four pan-Arab manufacturing plants, and more than 400 co-operative projects are in the planning process.

The Arab countries have huge land areas and their economies are not even. The difficulties they encounter during this period of economic adjustment are different. Countries without enough natural resources and those enmeshed in war have more difficulties than others. Despite the rough road ahead, the Arab countries should overcome their problems and find prosperity in the future.

Milan meeting will prove to be the starting point for European rejuvenation. They suggested amending the 28-year-old Treaty of Rome to reflect the current status of European development. They would like to see the European Parliament granted legislative and policy-making power. And they also proposed eliminating the veto, so that EC votes could pass with a simple majority.

France and West Germany also advocated the early establishment of a union. But the draft treaty for European union they proposed puts more stress on political co-operation and reflects their caution about institutional reforms.

Through consultations, these five union advocates finally reached agreement, while Britain, Greece and Denmark rejected proposals to amend the Treaty of Rome. The latter insisted on perfecting the community within the Roman Treaty and strengthening co-operation among member states.

The summit failed to produce an agreement on institutional reform due to differences between the members. However, observers regard the summit not as a failure, but as a starting point on the path to a new European union.

In fact, because of the hope for further co-operation, the EC members passed several important resolutions, including one expressing their support for an independent Europe and one calling for a unified internal market by 1992. The EC leaders also showed their support for Eureka by agreeing to form a special commission to study this French-proposed European high-tech research project.

The implementation of these resolutions will doubtless create conditions for realizing a European union in a gradual way.

European Community

Working Towards Political Union

Though no breakthroughs occurred, the 10 leaders at the recent European Community summit continued working towards forming a European political union.

by **MU FANGSHUN**

THE European Community's (EC) recent summit meeting ignored the financial disputes of the past and focused on proposals for establishing a European political union. Though the June 28-29 meeting in Milan saw heated debate, there was no major progress towards such a union.

The European Community has, at times, seemed like a family divided. Disputes over surplus agricultural products and budgets have been common; protectionist barriers have prevented commodities from circulating freely within the community; single dissenters have vetoed many important policies; and there has been lack of political co-operation between members.

All of these facts have disrupted the union and prevented the com-

munity from living up to its huge potential. Faced today with stiff competition from the United States and Japan, the challenge of rapidly changing technology and the threat to peace by the escalating US-Soviet arms race, Europe's leaders sense that they must pull together to prosper. Therefore, they must reform the community's policies, systems and regulations to make the organization a political entity.

During the late-June summit, EC leaders seriously discussed forging a European union. They aired their views on what the union should be and how it should take shape. With their different political and economic situations, the views, of course, varied substantially.

Expressing enormous enthusiasm for the early establishment of a union, Italy, Belgium and the Netherlands hoped that the

Steering Clear of the Storm

Rocked by the defection of the United States and the threatened boycott of Britain, UNESCO sought to regroup at a recent planning meeting.

by **LU MINGZHU**

WHEN the United States pulled out of the United Nations Educational, Scientific and Cultural Organization (UNESCO) at the beginning of 1985, reducing UNESCO's funding by one-fourth in the process, things looked bleak for the international development group. Soon after the US defection, Britain, citing the same "political" and management problems as Washington, also threatened to pull out.

In the wake of the problems, the executive council of UNESCO held its 121st session May 9-June 21. And while the members were unable to solve all the organization's woes, they did manage to pass a 1986-87 plan and draft budget and discuss ways of improving UNESCO's operation.

Over the past several years the United States has led a chorus of Western nations in complaining about UNESCO. They claimed that the agency was mismanaged and too politicized. UNESCO work on establishing a new world press order — a plan criticized by the Western media as fostering press censorship — raised US complaints to threats. And at the first of the year the United States carried out its threatened abandonment of the organization.

UNESCO pledged to improve its operations, but Britain and Denmark announced at the recent meeting that the reforms have not gone far enough. They called for specific changes and better budget surveillance.

Most representatives expressed satisfaction with the 1986-87 plan

and budget draft, and they agreed not to increase the budget while consolidating programmes where possible. China and other developing countries asked members to concentrate on funding the key programmes, especially those aimed at developing education, science and culture in the third world. Some Western countries suggested curbing UNESCO activities related to peace, disarmament and the establishment of a new world press order. Such issues, they argued, are too political and inappropriate for a development agency. But the Soviet representatives insisted on preserving

Indonesia

Investment, Oil Fuel Growth

After more than 10 years of efforts, Indonesia has diversified its economy and achieved a degree of economic prosperity.

by **LI HONG**

WHILE most countries worry about bleak economic prospects, Indonesia's economy continues to grow at a phenomenal rate.

Throughout its first and second Five-Year-Plan periods between 1970 and 1979, Indonesia's gross national product (GNP) grew at an annual average rate of 7.8 percent. And during the 1980-84 plan period, despite the world recession, its GNP continued to grow at an average rate of 6 percent. It is expected that the rate will be at about 5 percent through the end of the 1980s.

What caused the economic boom

the peace and disarmament programmes. After much discussion, the 50 members of the executive council representing 160 countries reached a compromise.

The meeting also discussed ways to counter the 1984-85 budget deficit caused by the US withdrawal. Most representatives agreed with the settlement plan outlined by the secretariat. Prior to the discussions, China and 30 other countries volunteered to make donations to help UNESCO overcome its current shortfall. These countries reiterated their support for UNESCO and its general principles and expressed their hope that the United States will rethink its decision and return to the organization as soon as possible.

Most Paris observers concluded that the meeting was a successful one. UNESCO members took important steps in solving the organization's problems, but many differences remain to be settled.

in Indonesia? First, the nation made good use of foreign capital and fully exploited its vast oil resources. From 1967-81, more than US\$30 billion in foreign investment helped develop Indonesia's oil and gas industry. Oil production went from 20 million tons in 1960 to 42.3 million tons in 1970. By 1981 it had reached 78.8 million tons.

Indonesia's oil industry plays a key role in the nation's economy. Oil exports reached 29.9 million tons in 1970 and topped 50.2 million tons in 1981. Oil income over the same period rose from US\$476 million to nearly US\$15 billion. Oil accounted for 66.8 percent of the nation's total export value.

Agriculture has also developed rapidly. Indonesia is an agricultural country, with 55 percent of the population farming. But for years the grain supply did not meet the demand, leaving the nation dependent on grain imports. Between 1973 and 1983, US\$4 billion was spent to purchase grain. Beginning in the late 1970s, the government began calling on farmers to use chemical fertilizers and importing high-yield rice strains from abroad. As a result, grain output gradually increased.

The rice harvest grew by 6.1 percent in 1983 and 6.4 percent in 1984, reaching 25.5 million

tons. That was 26.5 percent more than the 1980 yield, enough to make Indonesia more than self-sufficient in grain.

The oil glut of the 1980s has caused oil prices to plummet. As a result, Indonesia's oil income has decreased. To diversify the national economy, the government is making an effort to export manufactured goods, farm and forest products. The timber industry is a typical example.

Indonesia is rich in forest resources. It exported many logs in the 1970s but few processed timber products. In 1979 the government drew up a plan for

forest development, encouraging loggers to replace raw exports with processed products. Many plywood plants have been set up in recent years, and now plywood is becoming a major export. Altogether there will be 130 plywood plants this year, producing a total of 4.5 million cubic metres of plywood. And 3 million cubic metres of that total will be exported. By 1982, the nation had become Asia's largest plywood exporter.

Indonesia is also the fourth largest coffee and tea exporter in the world. Per-capita income has reached US\$600.

(Continued from p. 10.)

rooms, and it's not rare for people to camp out on the streets.

Meanwhile, hundreds of beds in top-class hotels remain empty. The reasons, said Chen, are that such hotels have been overbuilt and most Chinese can't afford them. In addition, many overseas visitors prefer to stay in less expensive hotels.

The problem is illustrated by the situation in Hangzhou, a famous scenic city in Zhejiang Province. The city received about 13 million domestic visitors and nearly 180,000 overseas guests last year. During the year, the city's common hotels were filled to 120-152 percent capacity — that is, there were people sleeping in temporary beds in hallways and storage rooms almost every night. In contrast, the occupancy rate in the five hotels that cater to overseas visitors was only 42.8 percent. The percentage went up to 81.9 percent after they began taking in Chinese tourists.

Many cities, however, are still building more top-class hotels. About 24,000 new rooms are planned in Beijing. Shanghai

is adding 20,000 rooms within three years and Xian has signed a US\$350 million contract to build more luxury hotels.

Beijing now has about 13,000 rooms for foreign visitors, capable of taking in 800,000 yearly. But only 509,000 visited the capital in 1983. Some experts predict that by 1990 there will be 38,000 rooms, capable of receiving more than 3 million overseas tourists a year. But the State Tourism Bureau and the Beijing Municipal Tourism Bureau estimate that the number of foreign tourists will not exceed 1.65 million. Even so, the tourism departments continue to plan more luxury hotels.

"I don't understand why people are rushing to build such hotels," said Chen. "We have enough. Why not invest to build the middle-level hotels that both Chinese and foreigners are crying for?" he asked.

Chen said there are about 6 million hotel beds in China, including 300,000 in Beijing. But there are 700,000-800,000 non-residents in the capital every day. Hotel assistants hear the complaints daily. And they find no solace in the news reports about

new first-class hotels opening. "A hundred Jianguo Hotels and Great Wall Hotels (two top Beijing hotels) are meaningless to me," said one worker.

Chen said that both domestic and overseas visitors would like to see more double rooms with a toilet, which cost about 20 yuan a day. "But, there is an extreme shortage of such rooms," he sighed. Luxury hotels often run more than 100 yuan a night, with some costing two or three times that amount.

The official said he and his bureau can do little to improve the present imbalance. "You can work out the plans to build the needed hotels, but who arranges the projects?" he asked. He said there are five separate departments which share control over the country's hotels. The lack of centralized management in hotel construction is partly to blame for the problem, he said.

Chen believes that the issuance of a commerce law will help improve the situation. The law will stipulate which department will manage all hotels. But, he added, such a law will not be implemented this year.

Smedley, Strong, Snow — Bridge Builders From People to People

The three famous American journalists and social activists — Agnes Smedley (1892-1950), Anna Louise Strong (1885-1970) and Edgar Snow (1905-1972) — were close friends of the Chinese people. Through their work, they helped promote understanding and friendship between China and the rest of the world.

Israel Epstein, author of the following article, is vice-president of the Smedley, Strong and Snow Society of China, which was founded last September. Born in Poland, Epstein grew up in China. Since the beginning of World War II, he has worked as a journalist in China and the United States. He knew Smedley, Strong and Snow personally. Since 1951 he has worked with "China Reconstructs," the magazine founded by Soong Ching Ling. He is now editor-in-chief of the monthly. — Ed.

THE well-known writer Agnes Smedley was a daughter of the American earth — that is, of the American working people. A staunch internationalist, she was, an ardent friend of the Chinese people and gave her best years to their fight for liberation.

It may be instructive to draw some comparisons and contrasts between Smedley and two other devoted American friends of China — Edgar Snow and Anna Louise Strong.

First, they grew up in widely differing classes of American society. Second, the thinking of all

three had its roots in progressive aspects of American development and though, including native socialist ideas, whose existence and influence over a long period of American history is too often ignored. Third, the currents of history brought them all to China where they were irresistibly drawn to her revolution, led by the Chinese Communist Party.

To understand these three factors may help to understand not only Smedley, Strong and Snow but something wider — the convergence of what is positive and forward-looking in both the Chi-

nese and the American traditions to form a key root of friendship between the two peoples. This is not only a fact of experience; but vital to building the future, a true friendship.

Smedley was born in 1892 in St. Joseph, Missouri in a poor, deprived section of the US working class — the migrant labour of the western United States of their time. Her ancestry went back to the pioneer settlers, and earlier, as she had American Indian forebears. She grew up in grinding poverty. Her father, an unskilled labourer in Rockefeller-owned mines in Colorado, was frequently unemployed and sought refuge in drink. Her mother, who took in washing, died young from fatigue and malnourishment. An aunt was forced into prostitution. A brother, a building labourer, was killed in a work accident. As a girl, she did heavy, underpaid toil. Educationally, she never got a chance to finish even primary school, though she later managed to get training as a junior teacher and audit some college courses. Smedley taught herself, amid hunger and ceaseless effort.

Strong, born in Nebraska in 1885, sprang from the opposite end of the US scale, its equivalent of a social, intellectual and religious aristocracy. For 200 years every generation of her family had included college graduates. Even before her teens, she had travelled to several countries and learnt several languages. By age 23 she had her Ph. D.

Snow, born in Kansas city in 1905, came from in-between, from "middle America," socially and geographically. Son of a printer, he was attracted to newspapers from childhood and in his youth

Agnes Smedley (first from left), Lu Xun (first from right) and others visit Soong Ching Ling (third from left) at her home in February 1933.



took a college course in journalism which he did not complete.

In their three very different families, however, there lived one vital American heritage — opposing and defying reactionary oppression and injustice. Smedley inherited the anger of generations of the poor towards the rich and powerful who lived off others' labour. Strong's ancestors, in pre-independence America, had risked their lives to shelter fugitive regicides — Oliver Cromwell's revolutionary judges who in England's civil war of the 1640s had voted to behead King Charles I, and who were mercilessly hunted down after the monarchy was restored. Her ancestors and Snow's had fought in the American Revolution and participated in and sympathized with struggles against black slavery.

As for personal development, Smedley, by her 20s, had broadened her political understanding to the point of opposing US participation in World War I as having nothing to do with the interests of America's working people. She welcomed the Russian October Revolution of 1917, and actively helped some of India's independence fighters then in the United States. Also, from her student days, she met and was influenced by American socialists.

Strong began with welfare work for poor children and recent immigrants, then frequent among well-to-do liberal women in the United States. But she went farther to identification with the working people and to socialist ideas. She, too, opposed World War I, hailed the October Revolution. In 1919 she took a prominent part in the great Seattle general strike, the first of its kind in the United States, by editing its militant newspaper.

Snow, who was much younger, had no discernible links to the



Mao Zedong met with Anno Louise Strong in Beijing in November 1965.

working class struggles in the United States. But he too was influenced very early by native American socialist literature. Probably around 1920, he read Edward Bellamy's utopian socialist novel *Looking Backward*, which Strong had read in 1898, at age 14. With both it was a favourite book (its title comes from its being set in a future socialist USA, from which the capitalist past is recalled.)

It was through increasing participation in organized American mass movements that Strong came to identify with proletarian and national-liberation revolutions. This attitude accompanied her to the Soviet Union, where she lived and worked, and then to China.

Smedley's identification began with her devout feelings for her own class in America, and rebelliousness against its terrible poverty. These feelings, broadening through involvement with revolu-

tionaries in India and Germany and with the struggle to build a new society in the Soviet Union, brought her finally and decisively to China in 1928.

Snow, who had no past contact with or participation in American workers' movement, also came to China in 1928. At about the same time he first visited India, where he met and found and admired its independence fighters. For Snow one deciding factor was his sharp aversion to colonialism and compassion for its victims. He firmly believed that all nations had the right to the same independence the Americans had once fought for and to the basic guarantees of life. He was deeply shocked by the arrogance of the domineering foreigners when he first arrived in Shanghai. A subsequent trip to northwestern China, then plagued by a famine which killed millions, and seeing the murderous exploitation of child tin-miners in

Yunnan Province, were even more traumatic. His perceptions broadened. He did not become a revolutionary and could see the reason for, and sympathize with, revolutions both national and social.

Strong was the first to set foot on China in 1925, and again in 1927. Apart from the growing Chinese revolution, she had an earlier passing interest in the country. Oberlin College, her alma mater, had a number of Chinese students (including H.H. Kung, who later became a tycoon and Kuomintang finance minister) and maintained a missionary campus in Taigu, Shanxi Province. Strong, while still religiously minded, had considered working there.

Smedley, before coming, had met left-wing Chinese students in Germany.

Snow worked his way to China as a sailor, not apparently having known any Chinese people. But there was a family memory of an ancestor, Captain Samuel Snow, who sailed to China with a cargo in 1794.

The decisive factor for all, however, was the ongoing Chinese revolution, led by the Communists. Without this, the woes and iniquities of old China might also have aroused their burning pity and wrath. But then they would have had no effective new force to support, nor any basis for confidence in the victorious rebirth of this great nation and people.

Who were the Chinese who influenced them? Mao Zedong, Zhou Enlai, Zhu De, Peng Dehuai and some people at lower levels in the Communist Party and the army. And, before encountering any of these, they had met Soong Ching Ling, Lu Xun and other revolutionaries and progressives in the Kuomintang areas.

What influence did Snow, Smedley and Strong — in their turn have on their readers? The facts they reported inspired and mobilized large numbers of young Chinese as well as foreign readers. And through their own personal contacts, wide and important, their influence too spread very widely.

One reason for this is that all were free from sectarianism. Smedley, despite her strong working class feelings, or perhaps because of them, wanted to mobilize all possible help for the things one believed in. On the basis of the active warfare against Japan waged by the Communist-led Eighth Route Army and liberated areas, she was able to rally in their

favour such foreigners in China as Colonel (later General) Joseph W. Stilwell, who was to become commander of US forces in the China-Burma-India Theater in World War II, Major (later Brigadier-General) Evans F. Carlson and Bishop Logan H. Roots, Anglican Bishop of Hankou. Although she was incapable of "diplomacy" in the sense of flattery or skillful avoidance of sharp issues, and although all these people were to some extent initially prejudiced against her by current slanders and gossip, she won their respect and esteem by her obvious selflessness, devotion, frankness and courage. But those in the foreign and Chinese (KMT) establishment who proved to be immovable reaction-

Zhou Enlai and Deng Yingchao together with Edgar Snow in Wuhan in 1938.





Stamps issued by the Ministry of Posts and Telecommunications in commemoration of Smedley, Strong and Snow.

aries and obstacles to effective war against the fascist Axis, she disdained and openly fought.

Snow's personal influence in the early 1940s reached as far as US President Franklin D. Roosevelt, who through it came to a much more favourable appreciation of the new forces in China than he would have otherwise. Roosevelt asked both Snow and Carlson to write him directly and informally from China. And Snow, too, near his life's end, was chosen by Chairman Mao Zedong as the channel for opening the way to the 1972 visit of US President Richard Nixon, and the restoration of relations between China and the United States.

Notable in Smedley's writing and conversation was her ever-sensitive and militant championship of the rights of women. Never could she forget the tragic plight of her mother and her prostitute aunt, and of many others like them in her early environment. Nor did she forget her own struggles to break free from the burdens of exploitation, sexual subordination, and lack of educational opportunities which class society imposed particularly on poor women.

Apart from advocacy of the revolutionary road for working women, she helped, while in Berlin in the 1920s, to set up that city's first birth control clinic, financed

by her friend Margaret Sanger. Later, deeply shocked by the slave status of women in old China, she gloried in the way in which they unbound their feet, cut their hair short and flocked to the red banner. She wrote with deep rage of the way the reactionaries had slaughtered them on no more evidence than bobbed hair. Her first book, *Chinese Destinies*, was one example of this passionate concern. Women with upper class arrogance and counter-revolutionary views Smedley found even more repellent than such men. But she respected and honoured those born in the upper classes who took their stand with the working people and brought their education and connections to the people's service. One example, of course, was Soong Ching Ling. Of men, Smedley demanded that they uphold women's equality, and she criticized all male-chauvinism in revolutionaries as well as in others.

In Strong's reporting, too, the plight and progress of women were a constant, vivid and politically passionate theme. In her *China's Millions*, for example, which in part dealt with the peasant movement of 1926-27 in Hunan, there are striking parallels with the vivid descriptions of women's advance in Mao Zedong's classic report, though she

could not yet have read it when she herself wrote.

Another quality which Smedley, Strong and Snow shared was that they wrote not only to inform but to convince and activate. And all three took part in political and social action other than writing.

Smedley did so both at home and abroad. In China, she also helped the Communist Party's underground in Shanghai in 1928-35, and gave on-the-spot English language broadcasts during the Xian Incident in 1936. During perilous months of battles in the resistance bases behind enemy lines, she spared no effort to obtain medical supplies for the wounded and to nurse them herself. She saw them not only as sufferers but as brothers-in-arms who by their conscious efforts could and would remake themselves and the world.

Strong began her activism in the United States and in the Soviet Union of the 1920s, worked in famine relief, the care of homeless children and organization of mechanized demonstration farm.

Snow was deeply involved in the December 12, 1935 anti-Japanese student movement in Beijing. After living with and coming to understand the Chinese Red Army, he helped it to convert captured

(Continued on p. 23)

Minority People Living in the Capital

by **LU YUN**
Our Correspondent

QIN YINSHENG, a young man of 35 belonging to the Zhuang nationality, comes from Guiping, a small mountain village in the Guangxi Zhuang Autonomous Region in south China. He has been in the capital, Beijing, for 11 years now.

He arrived a junior middle school graduate who had never seen a train or airplane, but during his stay, has been trained as a Chinese civil aviation pilot, and has a total flight record of more than 6,000 hours. Before leaving home, he had never been anywhere farther than the county town. But now he has not only visited many cities in China, but has also been to the Federal Republic of Germany, Pakistan and other countries.

Members of minority nationalities in Beijing fall into two categories — those who have lived for generations, and those who have come to the capital to work and study since liberation in 1949. They work in various fields, especially in the leading state organizations and cultural, educational, press and publishing departments.

Beijing, with a history of more than 3,000 years, is famous for its splendid culture. Since the 10th century, with the rise of minority ethnic groups such as the Qidan, Nuzhen and Mongolian, it had served either as the secondary capital, or the capital in different periods during the Liao (916-1125), Jin (1115-1234) and Yuan (1271-1368) dynasties. Later during the Ming (1368-1644) and Qing (1644-1911) dynasties when the Han and the minority Manchu nationalities were in power, Beijing again became the capital. It not only boasts a bril-

liant culture, scenic spots and historical sites — the result of cultural exchanges and the merging of various nationalities — but also stands as a centre where distinguished and talented members of various ethnic groups gather together today.

People from every one of China's 56 ethnic groups are studying, working and living in Beijing. Among them the Hans number more than 8.9 million, accounting for 96.5 percent of the total city population. The remaining nationalities total 322,144, making up 3.5 percent. Among them, the Huis make up more than 180,000, and the Manchus more than 110,000. Members of the Mongolian, Korean and Zhuang nationalities residing in Beijing number between 1,000 and 10,000.

Second Hometown

Many minority people were not accustomed to the climate or the life in Beijing when they first came. But with the passing of time, they have gradually developed a deep affection for it, and

regard it as their second hometown. All, including Qin Yinsheng, enjoy their lives here.

After passing the physical examination in his hometown middle school, Qin was chosen by the civil aviation school. When the news spread, the whole village bubbled over with excitement. His mother, however, was reluctant to let him go. But his grandmother pointed out that he was no longer a child, and the farther he went the brighter his prospects would be. It was thanks to her that he didn't miss the chance to come to Beijing. Now he has a family of his own and has become a father. His wife is a worker of Hui nationality. They show every care for each other and live in harmony with their parents on the maternal side.

"I've been taught by many instructors," Qin says, "and they all took me in hand and carefully showed me how to do my job. The instructors and colleagues of Han nationality took care of me, helping me in both work and life instead of showing discrimination against me because of my nation-

Minority cadres from Xinjiang work at the Central People's Broadcasting Station.





Ethnic Korean An Taixiang, an associate professor at Beijing University, is writing a geological thesis.

ality. Now, as a crew commander, I am much respected by my four colleagues. Whenever we come up against difficulties, we put our heads together to think out solutions, and whenever a decision must be made, we discuss the matter together as equals. Through concerted efforts and with ease of mind, our group has ensured the success of every flight."

Many minority people working in the Central Institute for Nationalities, the Ministry of Radio and Television, the Nationality Publishing House, the Nationalities Song and Dance Ensemble, and other units have made great contributions in educating minority personnel as well as in spreading and exchanging the culture and arts of various nationalities.

Hei Le, deputy director of the Mongolian editorial office of the Nationality Publishing House with a staff from a dozen ethnic groups, came from a village of the Keyou Front Banner of Inner Mongolia. Influenced by his father, he developed a strong interest in Han classical literature from an early age. Although he has lived in Beijing for 29 years now, his features as a Mongolian can still be discerned from his bronze-coloured face and high cheekbones.

For many years Hei Le has participated in the translation of many

works into Mongolian, including Marxist-Leninist classics, government documents and the magazine *Hongqi* (Red Flag). Also he has collated some Mongolian folk literary works and translated the *Gadfly*, a famous English novel, into Mongolian. In co-operation with a colleague, he has also put out a Chinese translation of *Annals of History*, a Mongolian work recounting exploits of Genghis Khan, an ancient Mongolian chief. The large number of his translations of Han classic literary and historical works into Mongolian has been highly appraised.

During his childhood, Hei Le heard many stories from the Han classics. When he could read Chinese himself, he studied many classical writings and formed a comprehensive picture of China's feudal history. He treasured the works and made up his mind to translate them. In this way he could introduce the long history and brilliant culture of the Hans to the Mongolian people. Among his translations are selections from *Zhuo Qiuming's Commentary on the Spring and Autumn Annals*, *Records of the Historian* and *Outlaws of the Marsh*, a classic literary work describing a peasant rebellion, which he translated in co-operation with a colleague. The above three translated works have already been published. The *Warring States During the Eastern Zhou Dynasty*, a 760,000-word classical novel based mainly on historical records, is expected to come off the press this year.

Hei Le takes great care to absorb the special linguistic characteristics of the Mongolian folk artists, and tries his best to make his renditions apt and easy to understand. To attain his goal, Hei Le does not spare his efforts. He takes pages out of the Chinese edition and carries around in his pockets, always seeking to hit on the exact words for translation, or

to consult with his colleagues at any time. Living in the capital provides him with convenient conditions. When difficulties arise, he often goes to Han experts in classic Chinese for help, and his unit has given him lots of support.

Carrying Forward Ethnic Characteristics

The minority people who settled in Beijing before liberation were oppressed by the ruling class in successive dynasties and were discriminated against and exploited by the upper-class reactionaries of their own ethnic group. They were kept in a low position and lived in poverty. Among them, the Huis were the most numerous. Except for a few who were engaged in the manufacture of jewelry and other traditional handicrafts or dealt in spices, most of them were small pedlars and vendors, rickshaw-pullers and casual labourers. Children as well as adults had to keep busy working for a bare existence. After the 1911 Revolution, which overthrew the rule of the Qing Dynasty, the Manchus, who were of the same nationality as the overthrown emperor, were discriminated against. Many of them were forced to change their names and conceal their nationality. They worked as seasonal labourers, pulled rickshaws, mounted pictures and did embroidery, always finding it hard to keep body and soul together.

Since liberation, under the policy of equality, mutual aid and common prosperity among nationalities, great changes have taken place in the lives of the minority people. They are ensured of equality in politics, while their customs and religious beliefs are respected and safeguarded. Their overall situation has improved considerably both materially and culturally. In all the state organizations of various levels, the proportion of minority personnel is

higher than that of their population. They take part in the administration of state and local affairs on an equal footing with Hans. Among the deputies to the municipal people's congress, there are 64 minority people, who account for 6.6 percent of the total number of deputies. They represent nine minority nationalities, including the Hui, Manchu and Mongolian. About 260 minority people have been elected as deputies to the district and county people's congresses. In the countryside where minority ethnic groups live in compact communities, six townships have been established. More than 6,640 minority people are now in leading positions, accounting for 3.5 percent of the total minority working personnel. There are also 26,945 specialized scientists and technicians, making up 14.2 percent of the employed minority population.

Over the past five years, the municipal government has set up training courses in cooking and nursing for minority young people, allocated 590,000 yuan to rural areas inhabited by minority nationalities to buy farm machines and tools, and restored 15 ethnic primary and middle schools. In admission to universities, colleges and secondary technical schools, lower standards are set for the minorities. A Manchu training class enrolling more than 170 students has recently been opened. This will add new strength to the project of editing the Manchu classics.

Xiaoxin Zhuang, a small village consisting of 154 Hui households in Changping County, has seen great changes in recent years. In the past only grain was produced, but now transportation and sideline occupations have also developed along with grain production. Above all, the skills of the Hui people in breeding cattle and sheep have been brought into play.

Great efforts have been made to breed dairy-cattle. A collective dairy farm was established three years ago, and a milk-storage station has recently been set up. In addition to households specializing in sheep-raising, a dairy farm jointly run by 55 peasants has also come into being. This not only provides urban residents with fresh milk, but also greatly increases the peasants' incomes. Now every family in the village has built a new house. Over 90 percent of the households have TV sets, and some have a washing machine, tape-recorder and motorcycle in addition to a TV.

The situation in this village is not at all rare. During an interview, Zhao Shu, deputy director of the municipal nationalities affairs commission explained, "We are shifting the emphasis of our work to bringing out the special characteristics of various minorities and tapping their heritage so as to raise economic efficiency and enrich people's lives."

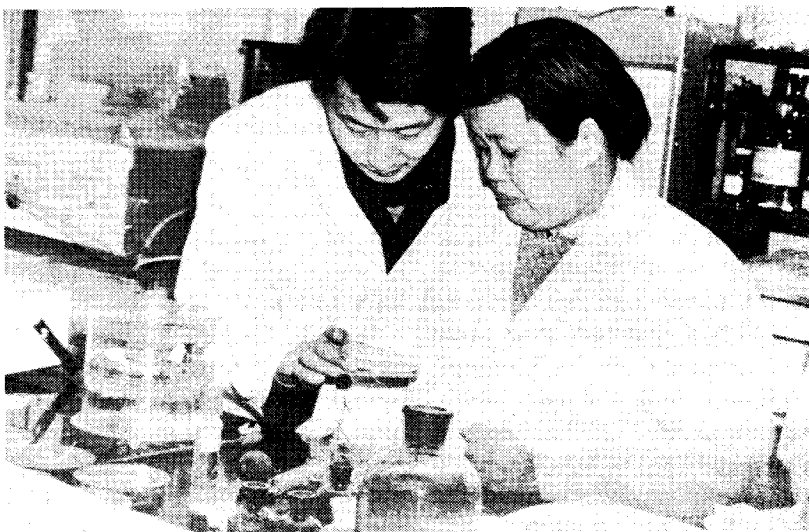
Freedom of Religion

The customs and religious beliefs of minority peoples are respected in Beijing. Take the Hui nationality for example.

Moslem canteens have been established in units where there are Islamic worshippers. A special cemetery has been set aside for the Hui people. Moslem restaurants, provision shops and special counters selling beef and mutton are established in streets and villages where Hui people live in communities. The state has also invested more than 16 million yuan to build the first large Moslem cold-storage plant. Traditional Moslem delicacies are being produced again and their special shops revived and expanded.

An Shiwei, chairman of the Beijing Islamic Association and imam of the Dongsi Mosque (built in 1447), told about the changes in recent years: "Since its establishment in 1979, the Beijing Islamic Association has set up branches in every district and county. There are now more than 40 mosques in the city, and we plan to build a few more which are needed. All the religious activities Moslems wish to participate in have been resumed. The association has printed the *Koran* and the *Essential Knowledge of Islam* in an adequate number of copies. The municipal Islamic Institute established two years

Pan Lizhen (right), a lecturer at the Beijing No. 2 Medical Institute, is doing research on parasites. She is of the Mulao nationality.



ago is training 15 ahungs, and it is going to recruit 20 more this year. I myself am teaching the reading of the Koran here."

As a standing member of the National Committee of the Chinese People's Political Consultative Conference and vice-chairman of the China Islamic Association, An Shiwei has taken part in many religious activities with foreign religious believers. In referring to the ever-increasing contacts with foreign worshippers, he became specially enthusiastic, "Since the founding of the association," he told us, "the two mosques in Dongsu and Niujie in Beijing have received more than 20,000 foreign guests from more than 60 countries. Our contacts with the embassies of Islamic countries in China are steadily increasing. Over the past few years, I have gone on a number of pilgrimages and trips — one, to Saudi Arabia, another to Pakistan. I have also visited Kuwait, Bahrain, Oman, the Yemen Arab Republic, Jordan, Morocco, Tunisia, Algeria and the Sudan, and I received a warm welcome from the Moslems of every country. I will continue to do my bit for greater unity between Chinese Moslems and Moslems all over the world, for China's socialist modernization and for the country's reunification."

Between the Han and the Minority Nationalities

The minority ethnic groups in Beijing have generally received deep friendship and warm concern from the Han people. Still some people fail to show enough respect for the customs of some minority nationalities. Also, some minority people staying in Beijing temporarily may meet with certain inconveniences in daily life or in finding proper food and lodging. These problems have come to the attention of the government, and

many people have made sincere efforts to change this situation and shown great concern for the minority people.

Every evening at 19:09 at the Beijing Railway Station, one can hear a broadcast in fluent Mongolian over the loudspeaker: "Mongolian passengers, the train is about to leave! Wish you a pleasant journey!" Every day the arrival or departure of trains from or to areas where minority people live in compact communities is broadcast in Tibetan, Mongolian and Uygurian languages in addition to Chinese. When Asili, a passenger of Uzbek nationality from Yining City in Xinjiang, heard the broadcast in Uygurian as he got off the train, he was overjoyed. "Wonderful!" he exclaimed, "I never expected to hear my own language in Beijing. It makes me feel so happy!"

But this was not the situation in the past when the special needs of minority people went unheeded. Last November when some members of the Municipal CPPCC came to inspect the nationality work here, they put forward some constructive suggestions. These were soon adopted. The station workers have not only added minority languages to their broadcasts, but also put up signs at the exit in Tibetan, Mongolian and Uygurian indicating the addresses and telephone numbers of several minority autonomous region offices in Beijing as well as the number of bus or trolleybus route to follow.

The train from Beijing to Lanzhou passes through Mongolia, Ningxia, Gansu and other areas where minorities live in compact communities. Since March 1983 when Moslem food began to be served in the dining car, more than 11,000 Hui, Uygur and Tartar passengers have had meals served there. The train crew have studied the customs, religious beliefs and taboos of the ethnic groups while

the kitchen staff has had lessons from Hui cooks in Moslem cooking techniques as well as rules regarding their food and holiday dishes. Moslem cooking utensils and spices are kept separately in special cupboards and refrigerators, and even the symbols of Moslem tables are marked in the colour favoured by the Hui people. Impressed by the excellent service, thousands of passengers have praised the crew and the train has been named "the train of national unity."

When minority people have diseases difficult to deal with in their locality, they often come to Beijing with great hopes of receiving effective treatment. Many medical workers of the capital have been to border areas to help the minority people, and they cherish a special feeling for them. They treat them as their own relatives. Considering the long distance and the hardships on the way, the eye department of Tongren Hospital has stipulated that priority should be given to minority patients all the way from registration to picking up their medicine. The doctors and nurses have also learnt some common expressions in minority languages so that they can talk with patients who can't speak Chinese. They even fetch medicines for those who have language difficulties and are unfamiliar with the hospital lay-out.

Darihei, a herdsman from Mongolia, needed a cornea transplant. But the necessary materials could not be procured for the time being. Since the area near her hometown would soon be snow-bound, she had to return without the operation. Zhang Lihua, deputy head of the eye department, wrote down her address, and when all the operational materials were collected, promptly sent her a telegram asking her to come to Beijing for the operation.

But even in such a unit as Tong-

ren Hospital, which pays so much attention to national unity, unpleasant occurrences still might arise. Just a few days before this correspondent did the interview,

one of the kitchen personnel treated a Hui patient in the hospital rudely and refused to bring him the dishes he had ordered. This was a rare incident and the hos-

pital dealt with it seriously. The head nurse was asked to apologize to the patient, while the worker involved had a demerit put on his record and was transferred. □

(Continued from p. 18.)

funds and valuables into hard cash for the struggle. When northern China was seized by the Japanese, he helped hunted students and Communists to escape and resume the fight elsewhere. Later, in the anti-Japanese war, he helped form the Chinese Industrial Co-operatives and raise funds for them abroad.

Because of their truth-telling about China, all three had to face persecution, discrimination and loss of professional opportunities and income.

Smedley, who in her youth had already been arrested in New York for helping Indian revolutionaries, near the end of her life became target of trumped-up charges by the US Army Intelligence. In the decades between she was kept under surveillance by British and American diplomatic and police agencies in semi-colonial China and by the FBI in the US itself. FBI records on her recently made available under the US Freedom of Information Act come to thousands of pages, and some are still kept secret. And throughout most of this time she was the target of reactionary slanders about her connections, motives and her private life.

Showing no fear, she took these assaults as a compliment to her effectiveness in fighting against the evils she opposed. And when she fought back, her tongue and her pen were sharp and effective. As a writer for such middle-of-the-road papers as the *Frankfurter Zeitung* and the *Manchester Guardian*, she adjusted her language

but never her views. Smedley's *Battle Hymn of China* was, I believe, the only one of her books accepted by a major "regular" publisher (A. Knopf), and that was during World War II when the US was part of an anti-fascist alliance. Others were put out only by smaller firms, from liberal to left.

Strong did better with commercial publishers, but this too did not survive World War II. Between 1920 and 1946 she had 16 books published by prominent firms, and after 1949 only one. Strong's biographer, her grand-nephew Tracy Strong, proved with documents that from 1919, when she came under observation as a "strike agitator" in Seattle, until 1948, covert surveillance and harassment were her constant lot. To watch her, FBI men impersonated customs officers, tapped her telephones, planted listening devices all over her Palo Alto home. But she, like Smedley, was not deterred. Unfortunately, besides her difficulties at the hands of US reactionaries, Strong was also wrongly accused of being a spy in the Soviet Union, and was arrested and deported in 1948. This slur on her lifelong work and her honour from a socialist country hurt her deeply, but did not change her convictions.

Snow had a strong connection with a large publishing firm, Random House, and as a journalist he became correspondent and editor for the very widely circulated *Saturday Evening Post*. But after US Senator Joseph McCarthy's assault on him in the 1950s, he was able to publish only two books and very few articles. Not a sea-

soned political fighter, Snow was more upset by attacks and slander than either Smedley or Strong. But while he did not always hit back, neither did he compromise his integrity.

All three were compelled, by these circumstances, to reside and to die outside their homeland.

But the conviction of all three — Smedley, Strong and Snow — was that the New China they foresaw and told their own countrymen was coming and had at last arisen. They made immortal contributions to the growth of understanding and truly equal relations across the Pacific, and will read and honoured — in generations to come as well as today — on both sides of the great ocean.

What is objective journalism? The examples of Smedley, Strong and Snow show that it lies not in standing in the middle, not in refusal to favour any side, but in perceiving and describing positively the objective forward movement of history. To describe some writers today interested only in sniping at New China and her socialist system, as perceptive or objective, as has recently been done abroad, is inaccurate and unwise. They may turn a quick profit, but will soon be forgotten while the works of Smedley, Strong and Snow are still read.

Their sense of objective reality was what led these three writers, so different in their beginnings, to be so similar in their conclusions. They reflect the depth and the breadth of the roots of mutual friendship and true understanding among the people, which will live and grow. □

Wuhan Rebounds With Economic Innovation

Wuhan, a leader in implementing China's current urban economic reforms, is starting to reap the benefits of the changes. It has been successful in breaking down the barriers between different departments and regions, in developing a commodity economy and in re-establishing trading centres.

by HAN BAOCHENG
Our Correspondent

CHINA's current economic reforms are changing the outlook of Wuhan, the largest city in central China, and bringing the ancient trading centre back to life.

Wuhan was one of 58 cities designated by the central government to implement the urban reforms on a trial basis. City leaders have also been granted power equivalent to provincial officials in economic management. The city's reform efforts got under way in June 1984 with the adoption of an open policy to businesses all over the country. In the past year, thousands of business representatives from all over China have travelled to Wuhan in search of markets for their products. Instead of squeezing out its own products, as some Wuhan observers had feared, the competition has boosted the city's industry and commerce. Last year, Wuhan's gross industrial and agricultural output value grew at a record pace and its total trade volume hit an all-time high.

Wuhan's success has been helped along by its geographical location and rich natural resources, of course, but the reform policies adopted by the city officials are also largely responsible for the turnaround.

The reforms follow two major ways. The first is to streamline administration and institute

decentralization in order to allow enterprises to operate independently under the guidance of the state plan and policies. The second is to open the city's door to businesses from all over China. By breaking down barriers between different departments and regions and developing horizontal relations between enterprises, efficiency can be improved. The municipal authorities are then able to shift their attention to making policy decisions, developing plans and using economic levers rather than meddling in the day-to-day operations of the city's enterprises.

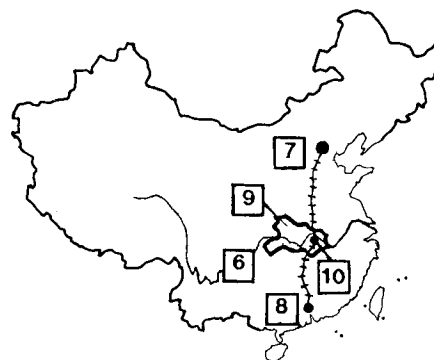
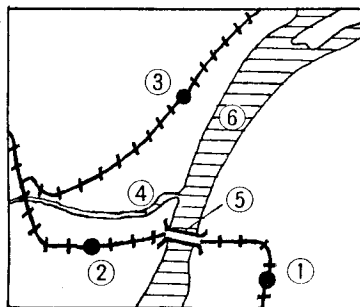
Which Path to Reform?

During their discussions of reform, Wuhan's officials divided into two camps.

Some stressed that priority should be given to developing industrial and agricultural production. They argued that the past

35 years of construction had laid a good foundation for Wuhan's industry, which now has a broad base and a powerful technical force. Moreover, they noted, the city's iron and steel, machinery, shipbuilding, textile, chemical and foodstuffs industries are quite developed. Therefore, they argued, Wuhan should continue to build on its strong points.

Officials taking the other tack stressed that Wuhan should develop as a multiple service city. They called for turning the city into the scientific research, commercial, financial, trading and information centre of central China, or even the whole country. For this purpose, they argued, priority should be given to developing the city's commodity market, its transportation network and its communications facilities. By doing this, they contended, industrial production would also be spurred.



1. Wuchang
2. Hanyang
3. Hankou
4. Hanshui River
5. Changjiang River Bridge
6. Changjiang River
7. Beijing
8. Guangzhou
9. Hubei Province
10. Wuhan

A Brief Introduction to Wuhan

WUHAN, the capital of Hubei Province, is located at the confluence of the Changjiang (Yangtze) River and the Hanshui River in central China. A hub of communications since ancient times, it is, in fact, a name given collectively to three separate cities — Wuchang, Hankou and Hanyang. The three cities are naturally divided by the two rivers. With an aggregate population of 3.3 million, Wuhan constitutes the political, economic and cultural centre of Hubei Province.

Wuhan developed into a business and handicraft city during the Tang and Song dynasties (618-1279). By the 15th century, it had become one of China's four major commercial metropolises.

Before the War of Resistance Against Japan (1937-45) broke out, Wuhan's domestic and foreign trade volume was second only to Shanghai. It

had 52 navigation routes, leading not only to small inland ports along the Changjiang and Hanshui but also to Japan and Germany. In the pre-war years, up to 10,000 Chinese and foreign ships berthed at Hankou port annually. The city of 1 million people had 200 Chinese and foreign financial institutions, making it China's second most important financial centre after Shanghai and the key banking city of the interior.

The war, however, deprived Wuhan of its importance as a financial and trading centre.

Wuhan's economy picked up after liberation in 1949. Today it has become an important industrial centre — its annual industrial output value ranks fourth in China. However, because the commodity economy was ignored for years, Wuhan has still not regained its role as a trading centre.

After careful consideration, the city government accepted the second proposal — to open the city's door to a broad range of economic endeavours.

Trading Centres

To invigorate the market, the key lies in reforming the existing commercial system and relaxing controls on the wholesale business. For years China has had a three-layer (state, province and city) wholesale system. In reality, it did more to restrict the flow of commodities than to encourage it. To reform the system, the city began to take direct charge over the wholesale business last June. Simultaneously, the city established

a number of specialized trading centres.

During my visit, I stopped by a non-staple foodstuffs trading centre on Zhongshan Road, the longest business street in Wuhan. The trading centre was founded last August. Its predecessor — a wine, cigarettes and confections wholesale outlet — sold only a few varieties of goods. Its suppliers were fixed, its prices were fixed, its sales volume was fixed and its customers were fixed. There was little room for creativity or market forces. All goods were allocated and distributed according to plan. But today the trading centre has expanded its scope of business. In addition to cigarettes, confection-

aries and wine, it sells more than 700 kinds of non-staple foodstuffs.

In the past, the wholesale station's clients were mainly state-run commercial establishments in the city. Now the centre can purchase goods freely from all over the country and sell its goods to any willing buyers, be they state-owned, collectively run or individual businesses. The trading centre also acts as a go-between for producers and sellers.

Apart from its wholesale and retail sales business, the centre acts as a purchasing and commission agent and provides storage, shipping and mail-order services.

The goods it sells are flexibly priced. Apart from the few commodities that are still controlled by the state, most of the non-staple foodstuffs are priced by the batch, and buyers may bargain. Prices also vary depending on the season, the supply and the quality of the goods.

To provide customer convenience, some large trading centres, such as the Wuchang Agricultural, Sideline and Native Products Trading Centre, have such service facilities as restaurants, hotels, warehouses, communications equipment, banks and transportation.

Now, with the exception of Taiwan, every province, municipality and autonomous region in China has established business relations with Wuhan's main trading centres. These trading centres have a total of 20,000 clients, with 21.2 percent from other parts of Hubei Province, 53.4 percent from various parts of the country and the remainder from Wuhan itself.

Most of the trading centres are state-owned, though some are owned by collectives. Since these trading centres require considerable investment and extensive facilities, no private companies have as yet entered the market.

A commerce committee was formed last August to replace the city government's myriad of commerce-regulating offices. To enliven the city's business community and to make sure the reforms are implemented smoothly, the committee instigated a shake-up of 102 trading centres early this year. Forty-five of the centres failed to meet the required standards and were asked to either upgrade or drop the title trading centre.

The reforms helped boost Wuhan's retail sales to 3.829 billion yuan last year, up 20.5 percent over 1983. Sales registered a 35 percent increase in the first quarter of this year, compared with the corresponding period last year.

Business people from every corner of China have discovered Wuhan's thriving market. Hotel representatives from Beijing fly in to buy freshwater fish caught in Jiangxi and Hunan, and factory officials from Shanghai go to Wuhan to purchase coal and timber shipped from Sichuan, Yunnan, Guizhou and Hunan. Last autumn the city's trading centres held a commodities fair that attracted 11,000 business people from all parts of the country. By the time they left the fair, they had spent some 280 million yuan.

Individual Commerce

With the introduction of the reforms, tens of thousands of individual street pedlars appeared in Wuhan, making the busy metropolis more noisy. However, the pedlars have given additional vitality to the city's commercial life and greatly benefited its people.

By the end of 1984, Wuhan, with a population of 3.3 million, had 36,026 state and collectively owned commercial, catering and other service establishments, as well as 49,851 individual businesses. In addition, there were 195

farm produce and sideline products markets supplying mainly vegetables, aquatic products, poultry, eggs and meat.

Collectives and individuals own 92.8 percent of Wuhan's businesses, employing 30 percent of the city's total commercial population and accounting for 29.4 percent of all retail sales. Since June last year, the city's industrial and commercial administrative departments have been issuing licenses to 34 individual pedlars every day, most being engaged in the service trades.

"My first impression of the reform is that there are more commodities and it is getting easier to buy what one wants," said Han Shanxiao, an employee of the Changjiang River Navigation Administration.

"In the past, what bothered me most was having to queue for vegetables after work. Now I can choose and buy whatever I want anywhere at any time," Han added.

Usually, the pedlars set up their stalls at places designated by the municipal industrial and commercial administrative department in densely populated residential areas or along major roads. The Wuhan Department Store is one of the ten biggest commercial establishments of its kind in China. In the street around it, however, are about 100 individual pedlars. The pedlars even put up stalls along Jiangnan Road, a commercial centre mainly given over to state-run shops. They dare to compete with the state department stores because they can offer their customers the latest fashions from Shanghai, Shenzhen and even Hongkong, as well as various small commodities not available from the state department stores.

Yangtze Street is a 600-metre-long lane off Jiangnan Road. The narrow lane is lined with stalls set



A night scene in Jiangnan Street,

up by 243 individual pedlars whose total monthly sales exceed 1 million yuan. In Wuhan, there are several dozen streets completely occupied by individually owned businesses. The biggest is Hanzheng Street.

Hanzheng Street

Squeezed between the Changjiang (Yangtze) and Hanshui Rivers, Hanzheng Street was once the most prosperous commercial centre in Wuhan. The centuries-old wharves and warehouses still located there indicate that the local residents are experienced in wholesaling. In the latter half of the 19th century, Wuhan became a so-called treaty port. The capitalist intrusion ended Hanzheng Street's reign as the city's commercial hub. However, 52 small wholesale shops still existed there in 1946. The number dwindled even more in the 1950s, when the socialist transfor-

mation of private industrial and commercial enterprises was carried out and commodity economy failed to develop. The last remaining state-owned wholesale store on Hanzheng Street was closed during the "cultural revolution" (1966-76).

The state-owned wholesalers did not begin reopening on Hanzheng Street until 1979. At that time, licenses were also issued to individual pedlars. There are now 303 state and collectively owned wholesale stores and more than 1,500 individually owned wholesale stands. These are supplemented by over 300 stalls owned by wholesalers from other parts of the country. All the stores and stands deal in small commodities, most of them produced by township- or village-run enterprises throughout China. The buyers are also individual businessmen from areas scattered across the countryside.

In one lane off Hanzheng Street, there is a collectively run credit co-operative. The first financial organization of its kind in China, it employs 12 people — five young people and seven retirees from state-owned financial organizations. Among the latter is its



Fish market on Jiaotong Street.

director, Guo Weisheng, who formerly worked in the Wuhan branch of the People's Bank of China. Grammed into a tiny 20-square-metre room, the co-operative mainly serves small collectives and individuals, taking their deposits and granting them loans. Although it maintains an account in the much larger Industrial and Commercial Bank of China, the co-operative remains independent. For its part, the bank

only plays a supervisory role, sending people to check the co-operative's accounts at regular intervals.

The co-operative's interest rates on savings deposits are the same as that of the Industrial and Commercial Bank, while its rates for loans are slightly higher. But the co-operative provides better service with simpler procedures, and many collectives and individuals prefer to keep accounts there. Since the co-operative opened last September, its clientele has grown from 147 to 559, and its total amount of deposits from 191,000 yuan to 2.116 million yuan — an 11-fold increase. From January to April this year, the co-operative granted loans worth 8.64 million yuan, earning a profit of 40,000 yuan on the transactions. The co-operative also sells insurance, handles remittances and sends money orders. Like many other experienced entrepreneurs, Director Guo is now looking for a larger home for his growing business.

Since the introduction of the reforms, the number of collectively owned credit co-operatives in Wuhan has increased to 24.

(To be continued)

A grocery market.



Turning Prisons Into 'Special Schools'

from "ZHONGGUO
QINGNIAN BAO"
(China Youth News)

IMAGINE convicts finishing their prison terms better educated, well-versed in a particular skill and confident of a new future. That is exactly what is happening in China these days.

By the end of 1984, 43 percent of those in jail had attended prison-run schools of one kind or another while serving their sentences, and 5,200 of them earned diplomas after passing rigid national exams.

Turning prisoners into students is a major reform in helping law-breakers turn over a new leaf; it is also part of an effort to establish a uniquely Chinese legal system. Many prisons and reformatories have offered courses so that inmates, many of them youths who fell afoul of the law out of ignorance, are given a chance to mend their ways by learning how to read and write and master useful skills. As a result, many have left prison as useful people able to do their share for the country's modernization drive.

Quite a few have become factory directors, engineers and technicians. Liu Bangli, an ex-convict from Shandong Province, found the knowledge he had picked up while behind the bars so useful that he opened an electrical appliances repair shop and a plastics factory soon after his release.

By showing them a way out of their plight, the drive for knowledge had helped prisoners foster self-respect, a sense of responsibility and an urge to make constant progress. Liu Dexue, for example, was serving a life sentence in

Henan's No. 1 Penitentiary, but for a time simply did not know what really did him in. Only after a period of study in prison did he realize that he deserved his punishment. This prompted him to study hard and to do everything he could to atone for his crime.

In the past no one could enter prison without feeling pessimistic about his future. But today prison-run schools have turned many con-

victs into avid learners who want to change themselves. In all this, they have the support of their family members, who send in books and other study material.

What is happening in Chinese prisons has aroused strong feelings around the world. "This shows that your social system is good, your prison management humane and your way of reforming the convicts sophisticated," said one foreigner after visiting a school run by a Yunnan penitentiary.

Spikers Take Aim on World Crown

from "WEN HUI BAO"
(Wen Hui Daily)

The new coach of the Chinese women's volleyball team is eager to win the World Cup in Tokyo in November, but he isn't sure whether that goal can be achieved.

Deng Ruozeng became the team's head coach after his predecessor, Yuan Weimin, left to take up a government post. His worry was not unfounded. In two recent major tournaments, the Chinese team found themselves up against powerful challenges from the Cubans and Soviets—both of whom were not even considered a good match for them just a short while ago. The Cuban team, for example, fielded a much taller squad capable of formidable spiking at the net. China won the matches, but the sudden emergence of the Cubans posed severe threat to the Chinese team.

What is the answer? Said Deng, "We have no alternative but to improve our serving while giving full play to our fast and versatile tactics. Only when we play a fast game and constantly change our

tactics do we stand a chance of beating our taller opponents."

The head coach was impressed by the rapid progress in international volleyball. "We are improving, but so are the others—and at a much faster rate at that. Two years ago, Chinese spikers were the best in the world, but now others have caught and surpassed us."

With the threat of the Cubans and the Soviets looming large, Deng urged his players to know the situation and themselves better, and to discard the notion that China's dominance in women's volleyball is unquestionable.

Asked about his future plans, he said, "As you can clearly see, my aim is to keep my team, already triple world champions, in the front ranks of international sports." But that is more easily said than done. The Chinese team has long been a target for the rest of the world. And with new forces emerging, there is no telling whether China can win the triple crown again. "But now that I'm in charge, I'll do my best to make

that goal a reality. There is no use bragging about yourself," he said.

The new head coach is satisfied with his team. Everyone, players and trainers alike, is working hard and confident about the future. "I'm sure we can win in future competitions as long as we keep on working and carry forward the tradition established by our retired players," Deng said.

Prisoner Takes College Courses

from "ZHONGGUO
QINGNIAN BAO"
(China Youth News)

Chen Wenlong, a 24-year-old man serving a prison term for counterfeiting, gradually realized that it was his ignorance that led him to crime. To turn over a new leaf, he decided to pick up books and pen during his stay in jail. He applied for one correspondence college after another, only to be rejected time and again.

"In the past," he said in a letter to the press, "I neglected my studies, hated work and loved an easy life. All this, coupled with my ignorance of the law, finally did me in. Now I have made up my mind to mend my ways through study, so that someday I'll be useful to the country and the people."

After being rejected by many colleges, he applied once again to the Beijing Humanities Correspondence College. Fearing a further "no," he also wrote to *China Youth News* for help.

"Dear editor," he implored, "would you please look into this matter for me, and tell the college how I long to be accepted as a special student under special circumstances?"

"As a prisoner eager to learn, I

badly need help and care because afterwards I will return to society," he wrote. "My crime only speaks for my past; it should have nothing to do with my future."

Chen said he intended to finish college in his prison cell, so that after his term of imprisonment was completed, he could work for society and atone for his past wrongdoing.

The editors were only too willing to honour his request. They contacted the college and were happy to learn that it had already accepted the jailed student.

Cola War Called To Dethrone Coke

from "ZHONGGUO
QINGGONGYE BAO"
(China Light Industry News)

Yu Guangyuan, a noted Chinese economist, recently said China should market its own carbonated soft drinks to compete with America's Coca-Cola.

Chinese dinner tables and banquet halls are the best places for publicizing locally made drinks, he said. But the irony is that if someone wants a cola on those occasions, Coke is often the only choice. That could be tolerated if China was indeed unable to produce its own high-quality colas, said the economist, but such is not the case. Tianfu Cola, produced by a Chongqing factory, is definitely a good drink of its kind, he added.

What is to be done about this situation? Yu said it is imperative to let local colas compete with Coke, and this task should be put high on the agenda of Chinese drink factories and stores. The economist suggested that the country's soft drink producers rally their efforts to produce highly competitive beverages, and that

measures be taken so that stores are willing to sell them. Sales of Chinese cola can be vastly boosted if half of the domestic market can be seized back from Coke, he noted.

Peasant Woman Studies Overseas

from "NONGMIN RIBAO"
(Peasant Daily)

Wang Lili, a 27-year-old peasant woman, became the talk of the town in Xian, capital of Shaanxi Province, when she let it be known that her family was rich enough to send her to study in Japan. Her thirst for knowledge won the support of her family and the Xian Hygienic School, where she taught.

Her family had its fill of poverty for generations, tilling the land in a village near the city. Their lives took a turn for the better after the Third Plenary Session of the 11th Party Central Committee held in 1978 introduced new rural economic policies. The measures enabled Wang's father and brothers to quit farming and become rural factory workers. Before long, the family was well-to-do, with enough money to spare for Lili's education.

She applied to the Tokyo Industrial University, and was soon admitted into its organic chemistry department for a five-year programme. She arrived in Japan last February and happily began her new life, with all expenses covered by her family.



Leasing Business Grows in Beijing

"In the first half of this year our company's leasing business has been brisk. Its take came to US\$64 million, far exceeding that of the corresponding period of last year," Zhuang Jianyang, deputy manager of the China Orient Leasing Co. Ltd., told *Beijing Review*.

The China Orient Leasing Co. Ltd., the first joint venture of its kind contracted for a period of 20 years, was financed by the China International Trust and Investment Corp., the Beijing Mechanical and Electrical Equipment Co. and the Orient Leasing Co. Ltd. of Japan.

"Since its founding in April 1981, more and more clients have come to talk business with our company. We have concluded more contracts and our business has grown year by year," said Zhuang.

Year	Number of contracts	Business volume (US\$ million)
Apr. to Dec. 1981	8	2
1982	40	13.5
1983	88	35
1984	175	120

The company's business volume will reach US\$130 million this year, he added. It is expected that its funding, totalling US\$3 million, will be recouped in late 1985.

Business with Japan accounted for 60 to 70 percent of the company's total revenue, followed by the Federal Republic of Germany and Italy. The company would like to trade with West European nations and the United States, Zhuang said. But he also noted that these countries could offer competitive goods at reasonable prices.

The China Orient Leasing Co. Ltd. has signed co-operation agreements with 30 trust and investment companies in China. It has a branch in Guangzhou and a representative office in Nanjing. It is expected that three more branches or offices will be set up in China's open coastal cities this year. This Chinese leasing company has signed information agreements with six firms in New York, Hamburg and Hongkong. It has also established business relations with nine banks abroad.

Leasing first took root in China in 1979. In addition to the six national leasing companies already set up with government approval, many provinces and municipalities have also set up leasing firms or gone into the leasing business. The companies can supply airplanes, ships, industrial, agricultural and construction machinery, medical and electrical equipment, instruments and meters and transport and communication equipment. The company is now looking into equipment sub-leasing and rentals.

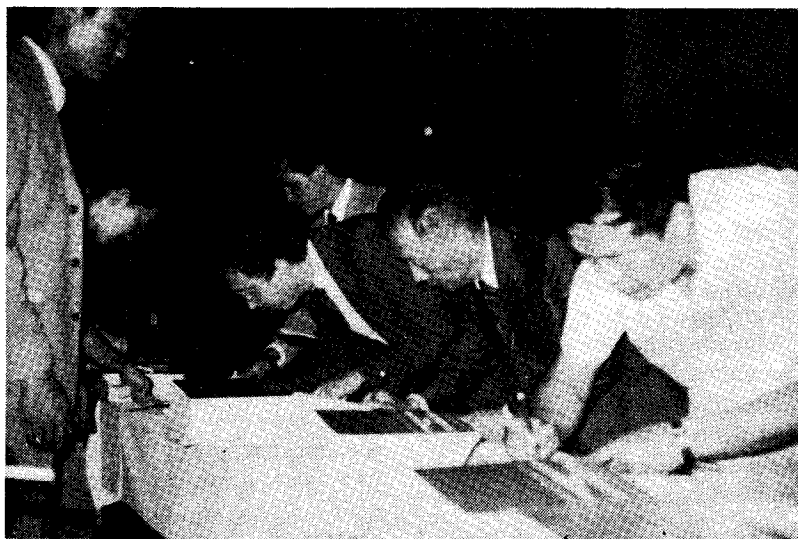
It will also lease Chinese-made equipment abroad.

Law Office to Handle Biz Cases

The C & C Law Office, a legal office which will handle foreign economic and civil cases, opened June 26 in Beijing. The opening ceremony was attended by National People's Congress Standing Committee Vice-Chairman Rong Yiren and State Councillor Zhang Jingfu.

C & C is one of China's four law offices established with the approval of the Ministry of Justice, the other three being the China Legal Office Corp., the China Global Law Office and the Hualian Law Office for Economic Trade. The new legal service seeks to provide clients with independent and objective legal advice and to protect their rights and interests. The office has a number of experienced attorneys who have received legal training in China and abroad.

Guests sign in at the C & C Law Office.



The lawyers will provide legal consultation on international economic and trade transactions, transportation, exploitation of natural resources, financing, debentures, taxation, insurance and establishing corporations. They will also act as agents; review, draft and revise agreements, contracts, articles of association and other legal documents; and participate in negotiations at the request of clients.

Gu Xiancheng, director of the C & C Law Office, told *Beijing Review* that his firm grew out of the legal advisory office of the China International Economic Consultant Inc. (CIEC), which has relations with law firms in the United States, Britain, Australia, Canada, Hongkong and Macao. Following its establishment in 1981, CIEC's legal office has handled 300 cases dealing with projects for economic co-operation with foreign firms, including the Antaibu Opencut Coal Mine in Shanxi, the largest joint venture to date between China and the United States.

Centre Offers Stats To Businesses

The Statistical Consultation Service Centre of China has opened for business.

The service centre, backed by the State Statistical Bureau, offers statistical information for domestic and foreign clients, conducts market projections and other surveys and provides consultation services. The service centre makes use of the State Statistical Bureau's rich social and economic data and relies on urban and rural survey contingents composed of some 20,000 people. The centre also plans to publish a series of publications in foreign languages.

The centre has already provided Japanese and American businessmen and Hongkong and Macao clients with information on China's housing and durable consumer goods market. In co-operation with New World Press and Longwen Press, the centre has also put out a number of publications in English, including *Statistical Abstract of China*, *Statistical Yearbook of Cities — 1985* and *Data of the Survey of the Basic Conditions of Urban Residents of China*. The centre has recently set out to investigate the investment environment in China's open economic areas along the coast — the Changjiang River Delta, the Zhujiang River Delta and the South Fujian Delta. The survey will be used to produce detailed and reliable investment information for domestic and

foreign investors and businesses considering doing business in those areas.

Japanese Display Fast-Food Tech

A two-day foodstuff exhibition sponsored by Japan's Mitsubishi Commercial Corp. was held July 5-6 in Beijing.

With the participation of 29 influential Japanese firms, the exhibition introduced Japanese fast food to the Chinese people.

As the pace of life quickens in China's cities, the need to "eat and run" has increased. With the replacement of the traditional two-hour lunch with a one-hour break, Beijing's office workers have become hungry pursuers of the fast meal. The exhibition provided a chance for Beijing residents to see how Tokyo's lunch-goers eat complete meals in just minutes.

Mitsubishi Commercial is holding business talks with Chinese officials on the establishment of several joint ventures in China, including an oil-pressing plant in Dalian. They have also discussed establishing a brewery with the help of Kirin Brewery Co. Ltd. and assisting the technical transformation of the Maling Canned Food Plant in Shanghai.

Left: Equipment leased by the bread factory affiliated with the Sino-Japanese Friendship Hospital has been put into operation.

Right: Japanese exhibitors demonstrate fast-food preparation techniques at the Mitsubishi food exhibition.



Exhibition Brings Dong Folklore to Life



Dong drum tower.

Visitors to a recent exhibition of Dong nationality architecture and folklore at Beijing's Cultural Palace for the Nationalities were in for a surprise — at least at the very beginning. Where they expected a warm smile and a welcome, they found the door blocked by wooden ploughs and weaving looms. A dozen young women in beautiful costumes appeared, singing "I Won't Let You In" to the accompaniment of 12 equally exotically attired young men playing the *lusheng*, a reed-pipe wind instrument. It began to look doubtful that the visitors would ever make it across the threshold.

But the song ended and the hosts and hostesses began offering visitors buffalo horns filled with wine. Only after the wine was gone were the visitors allowed to file into the exhibition hall.

The exhibition was actually a microcosm of the rich culture and folklore of the Dongs, an ethnic

group of 1.4 million, half of whom live in the southwest province of Guizhou.

The most eye-catching exhibits in the show were the wooden replicas of drum towers and bridges placed in the centre of the hall.

The drum towers certainly deserved the centre stage, considering their role in Dong tradition. The oldest existing Dong drum towers date back to the 17th century.

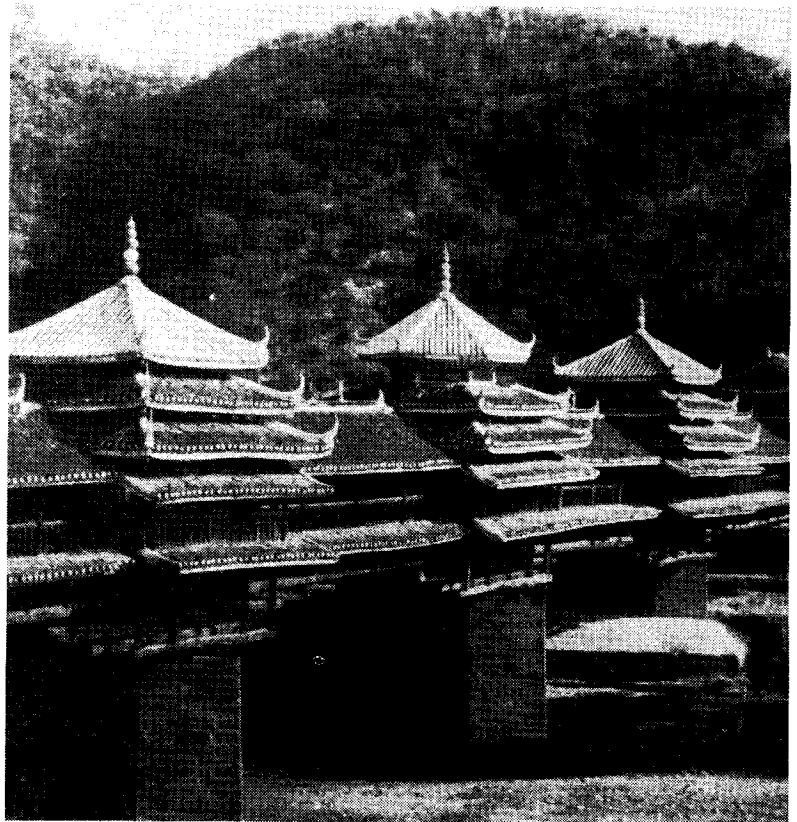
Legend has it that a Dong girl, while carrying a water-filled bucket on a pitch-dark night, spotted a bunch of bandits out to plunder her hamlet. To alert the village, she began to beat the side

of the bucket. The sound was so loud that it woke every villager. They all jumped out of their beds, picked up weapons, and, after a bitter fight, killed the bandits. After that the Dongs started putting up drum towers so they could be called into action in times of danger. Every hamlet had at least one drum tower; some large villages had as many as five.

Today these structures are more for happy get-togethers than for defence purposes. During festivals, the villagers gather on the lawn surrounding the drum tower or around the fireplace inside for a whole night of merrymaking.

Each drum tower is a study of

Chengyang Bridge, built in the Dong style.



Dong architecture. Not a single iron nail is used in the whole tower. The structure is held together with tenons and mortises in a way that guarantees long years of use. Designs vary vastly, but one thing is common: All drum towers have an even number of sides and an odd number of storeys. Eaves range from single to several layers, and all towers are about 20 metres high.

No Dong drum tower has a door. The ground floor is either fenced in or completely open on all sides, with long benches placed around a fireplace in the centre. Staircases are carved out of a single tree trunk, and the whole structure rests on four, six or eight wooden pillars.

Painted sculptures of exotic birds and beasts are perched on the eaves, and the cornice is graced with paintings depicting local figures, folklore and landscape. The Dongs have a skilful way of using colours to blend the drum towers into the surrounding scenery: Red and brown under the eaves, grey for roof tiles and white for the ridges, while pillars, beams and rafters are all left unpainted.

No less important in the Dong tradition is a kind of covered bridge in the shape of a pavilion. Built most often at the entrance to a hamlet, the bridge is a symbol of good luck and can, it is believed, prevent the wealth of the villagers from disappearing. The bridge is also where Dongs meet, bid farewell to guests and enjoy themselves during holidays.

The most representative of the Dong bridges is the Diping Painted Bridge, now under special state protection as a major cultural relic. The 57-metre-long bridge has the appearance of three wooden houses sitting astride a river, with the one in the middle built in the style of a drum tower. It is sometimes known as the "Bridged-Drum Tower." A sculpture of two dragons playing with a pearl is placed atop the roof of the bridge.

In addition to architecture, the Beijing exhibition showcased a rich variety of homespun fabrics. Although machine-made fabrics have found a market in Dong villages in recent decades, the local people kept their weaving tradition very much alive. Almost every Dong woman is a deft weaver.

Some are capable of using a pedaled machine to spin two yarns at a time. Made of either cotton or silk in green, purple, white and blue, the Dong homespun fabrics are known for good craftsmanship, beautiful patterns and durability.

Out of the weaving tradition was born the distinctive Dong attire. The men often sport a jacket with buttons down the front, while women wear either skirts or short trousers matched with open jackets. The women's jackets have no collars or buttons and their sleeves and trousers are usually trimmed with lace. Both men and women commonly wear belts, puttees and turbans.

Adding lustre to the Dong homespun is the local art of embroidery, which is placed on everything from garments to belts and handkerchiefs. Whatever the image — birds, flowers, grass or insects — each piece of Dong embroidery is a true piece of art.

Aesthetics can be sensed in every aspect of Dong life. Dong rattan and bamboo products, for example, are much sought-after for both their artistic value and their durable usefulness.

Almost every Dong is an enthusiastic singer and dancer. All hamlets have their own choirs, which often visit neighbouring villages for singing competitions and perform during festivals and when guests arrived. This tradition was also used to liven up the Beijing exhibition hall. Visitors were often invited to join young Dong hosts and hostesses in a folk dance, in which members sang while making rhythmic steps, hand in hand or shoulder to shoulder.

No visitor could leave the exhibition without feeling entertained. Before they left, each guest was presented with a red egg wrapped in a tiny silk net, a symbol of good fortune.

Two Dong women chat with a Canadian visitor.



Artists Portray World of Sports

The motionless archer, her facial expression a study of serenity and self-confidence, had her bow stretched to the limit and her eyes focused in the distance on her target. Across the room a race walker seemed to be suspended in time, as she swung her arms in unison with her legs. Both athletes took prizes, but not on the field. They were both winners in China's first Sports Fine Arts Exhibition held in Beijing June 10-25.

The exhibition included 407 pieces — 130 sculptures, 80 traditional Chinese paintings, 80 oils and more than 100 posters, engravings and other art forms — all depicting athletes and the sports world. The works portrayed the struggle between man and nature and the joy and pain of competition. Both ancient and modern sports were shown, and Olympic images were common.

Sponsored by President Juan Antonio Samaranch and the International Olympic Committee, the exhibition at the China Art Gallery was organized by the Chinese Olympic Committee and the Chinese Artists' Association.

A number of prizes were awarded and one of the top sculptures will be sent to Switzerland for permanent exhibition in the Olympic Park in Lausanne. Other works will travel to Rome to be included in the World Sports Art Exhibition.

Preparations for the exhibition began last July. The State Physical Culture and Sports Commission and the Chinese Artists' Association, eager to make the show a success, encouraged artists all over the country to produce works with sports themes. Soon there were artists showing up at stadiums and gymnasiums trying to learn more about the lives of athletes. In ancient times many frescoes and sculptures portrayed sports activities, but until recently Chinese artists had largely forsaken sports subjects. The Beijing exhibition marked the beginning of a new boom of sports arts.

Body-Building Face Off in Beijing

With their bodies well-oiled and their muscles popping out all over,

a whole stage full of Chinese body-builders went through their rituals to the accompaniment of music. Their graceful movements and healthy builds won warm applause from the audience at China's Third National Body-Building Tournament held in Beijing June 21-23.

Shang Gang of Guangdong Province became the real hero of the show when he captured the overall crown in the competition between the champions of the four weight divisions.

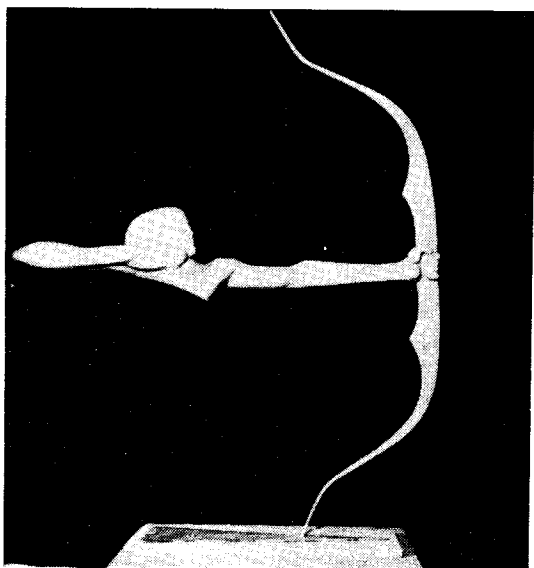
A total of 99 body-builders from 23 provinces and municipalities participated in the tournament.

The sport was born in Europe and America and has gained popularity throughout the world. It has become one of the most popular sports in the world, with 128 countries having members in the International Federation of Body-Builders.

Body-building got its start in China in the late 1930s. Since 1980 there has been renewed interest in the event.

Left: A Critical Moment.

Right: Female body-builders pose during the competition.



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Sculptures by Shi Yi

Born in 1931 in Beijing, Shi Yi now works in the sculpture section of the Central Academy of Fine Arts in Beijing.

With a realistic and simple style, he expresses the characteristics and emotions of the masses.



Little Girl.



Granny (Tibetan Woman).

A Welcome Spring Rain.

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