

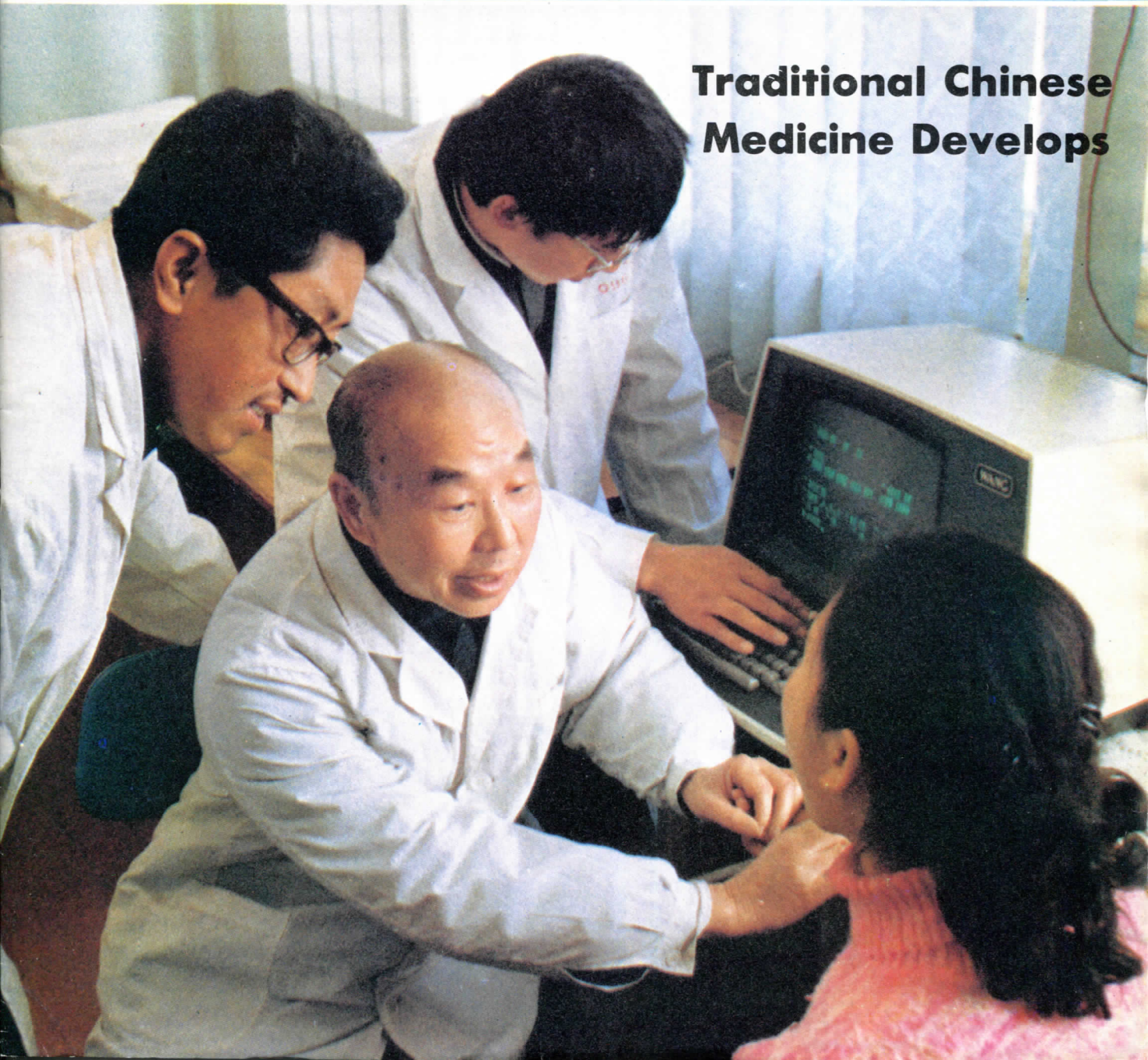
BEIJING REVIEW

北京周報

A CHINESE WEEKLY OF
NEWS AND VIEWS

Comparing Soviet-US Military Muscle
Questions of Concern to Foreign Investors

**Traditional Chinese
Medicine Develops**



SPOTLIGHT

A Treasure-House In Yunnan

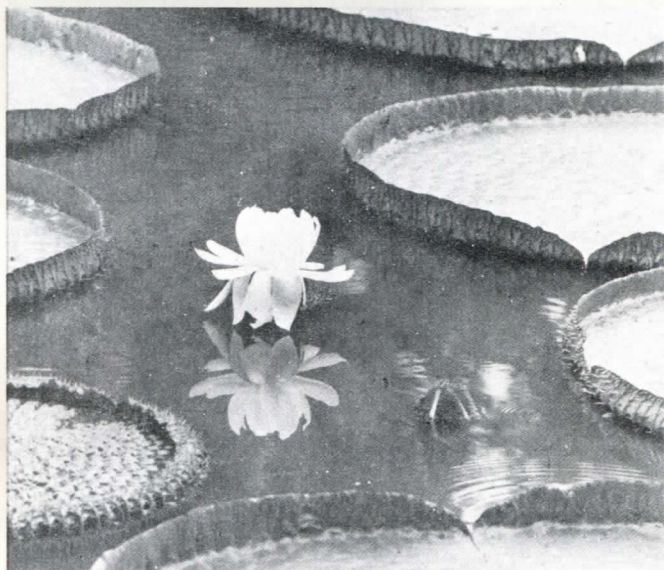
Deep in the dense forests of Xishuangbanna, the Yunnan Tropical Plant Research Institute has more than 133 hectares of experimental land, growing more than 2,000 species of Asian, African, South American, Chinese and Oceanic plants. It has five research sections studying botany systems, botanic chemistry, botanic introduction and domestication, experimental flora and botanic physiology. The institute is under the auspices of the Chinese Academy of Sciences.



The Yunnan Tropical Plant Research Institute. Of its 300 staff members, more than 100 are scientists and technicians.



Dracaene draco, one of the tropical plants in Xishuangbanna. The resin it secretes can be made into "dragon's blood," a kind of crude medicine for treating bone injuries.



Victoria regia, a perennial water plant with big, plate-shaped leaves, is native to the Amazon River in Brazil. It produces beautiful blossoms.



A coconut forest cultivated by the institute.

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COVER: Zhu Renkang (centre), a noted traditional Chinese medicine dermatologist uses a computer to help make his diagnosis.	

Photo by Wang Xue

HIGHLIGHTS OF THE WEEK

NPC Standing Committee Studies Contract Law

The rights of Chinese and foreign economic enterprises will be further protected under a new contract law that will be voted on by the ninth meeting of the Standing Committee of the Sixth National People's Congress (p. 6).

Washington and Moscow Break Even in Arms Race

Although each of the two superpowers has tried desperately to get an edge over the other in their military competition, neither enjoys absolute superiority today. This uneasy balance is demonstrated in a comparative study of Soviet and US troops, weapons, equipment and other factors directly related to military strength (p. 14).

Kuwait Extends Loans to China

Under an agreement recently signed between the two countries, the Kuwait Fund for Arab Economic Development will extend loans totalling 9 million dinar (about US\$30 million) to finance projects in China. This is a follow-up to loans of 43.6 million dinar provided by Kuwait between 1982 and 1984 (p. 29).

Explaining Foreign Investment Regulations

To provide foreign business owners with a clear understanding of how to invest in China, a *Beijing Review* correspondent interviewed an official of the Ministry of Foreign Economic Relations and Trade. The official, Liu Yimin, spells out the provisions of the relevant laws (p. 16).

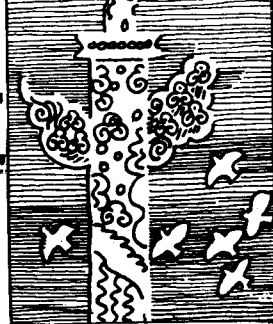
Chinese Medicine's Past and Present

Traditional Chinese medicine has a complete theoretical framework, unique diagnostic methods, principles of treatment and thousands of medical prescriptions. Its long history and its flourishing present combine to make it a crystallization of the wisdom gained from fighting disease (p. 20).

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Learn Updated Management Skills

by **WANG DACHENG**
Economic Editor

Werner Gerich, a retired West German engineer, was recently invited to become the director of the Wuhan Diesel Engine Factory. An expert in diesel engines and management, Gerich became the first foreigner to direct a Chinese factory after nationwide liberation in 1949. The factory hired Gerich with an eye towards updating its management methods and improving the quality of its products by borrowing ideas from the personnel, wage, production and management systems of other countries.

Soon after he took the post, Gerich asked all workers and staff members to strictly observe the full eight-hour day. He also urged factory managers to get out from behind their desks and manage on the factory floor. He dismissed a deputy chief engineer who refused to appear when production problems occurred, and the head of the examination office was removed from his post because he had little knowledge about technology and management. In addition, Gerich produced a 50,000-word report on renovating the factory, a report which was welcomed by technicians and workers.

The appointment of Gerich is one of many ways China is trying to learn advanced management methods from Western countries. There are many ways to learn such methods. Managers and factory directors can attend classes, foreign experts can be invited to give lectures, factory delegations can be sent abroad and Chinese managers can rotate with foreigners as directors of joint ventures.

In the reform of economic structure, the key problem is to enliven every enterprise, to expand its decision-making power and really make it a relatively independent economic entity, a socialist commodity producer and manager. In the past the central authorities exercised rigid control over enterprises because ownership by the whole people was equated with direct management by the state. This situation must be changed.

Now we have come to realize that ownership and management can be separated. Enterprises in capitalist countries are owned by capitalists but are usually not directly managed by the capitalists themselves. They entrust capable managers with the task. Why do we not entrust our capable directors and managers with running our state-owned enterprises?

We had taken a tortuous course before we realized the necessity of learning advanced management techniques from the West. In the past we set the commodity economy against the planned economy and believed that the commodity economy was capitalist and the advanced management methods used in the Western countries were purely capitalist. In addition, we wrongly believed the economic mode was inseparable from the political system.

The basic contradiction in the capitalist society is the contradiction between the socialization of production and the private ownership of the means of production. In our country, we have socialist public ownership of the means of production and we pursue the socialization of production under this

ownership. This is the fundamental difference between the two systems. What we need to learn from the developed capitalist countries are the management techniques used to modernize and socialize their production and to turn their scientific research achievements into the real forces of production. The management methods, though related to, cannot be equated with social systems.

At present, China is rapidly developing its socialist commodity economy, which is a planned commodity economy based on public ownership. We must consciously use the law of value and bring into full play the role of economic lever. Some Western management methods related to taxation, credit and interest rates are worth studying.

As productivity and science and technology have developed rapidly, economic and technological contacts between various countries have increased and many management methods have been internationalized and systematized. In order to meet the needs of implementing the open policy, we must be good at learning the strong points of other countries.

In short, we should sum up China's historical experiences and conscientiously study the reality and development of China's economy. At the same time, we must absorb and learn advanced management methods which reflect modern socialized production law from various countries, including the developed capitalist countries. Only in this way can the economy of our country advance swiftly.

A Comprehensive Analysis

I read your magazine in 1984 and found it can enrich my knowledge. Now I have come up with some ideas.

China's Window. *Beijing Review* is a special kind of window for the readers to see China. Instead of only showing the nice things, it presents to the readers China's real situation. It tells us that China has stood up and it will not return to the position of being humiliated. The valiant and industrious Chinese people are full of confidence and are working hard for the interests of the vast majority and social development. The class which adheres to the principle of seeking truth from facts is not afraid of analysing its shortcomings, wrongs, ideological problems and does not take excessive pride in its great successes.

In addition, your weekly always brings us some good news, such as new findings in archaeology, urban and rural reforms, changes in industry and trade, great successes in science, technology, space science and sports, achievements in literature and art, and plans for education, politics and international relations, etc. In a word, all of your contents are very interesting.

I read your document on the restructure of the economic system. And, frankly speaking, I could not understand it. It's not that I have difficulty in reading, but that your plans are too profound and great. I had to study it again and again. And to you it is the problem of practice. Nevertheless, it is an important and programmatic document for China and socialism as a whole.

I also had a chance to read some of your reports on the glorious

future of the Chinese socialist system. These articles helped me understand your documents.

A World Spotlight. In the world, there are different kinds of reports and analyses, but their contents are often biased and some of them are even unreal. I have been reading your magazine and I find it different from other publications, because all of your reports are real. For example, in Colombia there were many reports on the US election. But you only published two profound articles to analyse how the United States readjusted its economic plan and expanded its influence in the Asian and Pacific region.

Frankly speaking, I can understand some complex international problems only after reading your magazine.

Fears No Criticism. Nobody can avoid making mistakes. In this respect, the Chinese people have much experience. They have corrected their mistakes and won trust from the world. I find there is much profound self-criticism in your articles. In addition, you have dealt with many matters of common concern and explained some puzzling subjects in the column "Notes From the Editors."

After reading the "Letters" column, I see people from different countries have begun to understand the exciting truth that China is building a new world without oppression and exploitation.

To sum up, your magazine has changed a lot recently. What is its main principle? I think it is Marxism. Lenin wrote in *The Character of Our Newspapers* "Less political ballyhoo. Fewer

highbrow discussions. Closer to life. More attention to the way in which the workers and peasants are actually building the new in their everyday work, and more verification so as to ascertain the extent to which the new is communistic."

M. Bernal R.
Bogata, Colombia

Contracts and Taxi Drivers

After reading the report "Contracts Spark Drivers' Initiative" (No. 48, 1984), I think the reform is very good. Every time I visited Beijing and Shanghai, I found it very difficult to get a taxi any time of the day or night, especially so in Beijing. I remember when I visited Beijing in August 1984, I saw many people queue up for taxis in the front of the Nationalities Hotel and the Beijing Hotel. Even those who had arranged in advance to have a taxi often could not get one on time. I think through the reform this difficult problem will be resolved. I greet the taxi drivers' reform.

Naotaro Murayama
Osaka, Japan

Family Businesses

I like the art pages very much, but I am most interested in how much the peasants are doing to help themselves and their initiative in branching out into the field of tourism, etc. It is also interesting to read of so many working people starting their own family businesses.

I am 73 years of age but I would very much like to pay another visit to your extremely interesting and very beautiful country.

David S. Johnston, M.B.E.
Sussex, England

Committee Studies New Contract Law

The rights of Chinese and foreign firms will be further protected under a new law that is currently being examined and will be voted on by the ninth meeting of the Standing Committee of the Sixth National People's Congress.

The new law will cover all economic and trade contracts signed by Chinese enterprises and economic organizations with foreign partners.

China has a number of laws to back its open door policy. In his briefing to the Standing Committee, Wei Yuming, vice-minister of Foreign Economic Relations and Trade, said that all contracts signed or to be executed in China should be subject to Chinese law. "But in other cases, or at the wish of the partners concerned, recourse to the laws of countries having a direct bearing on the contracts would be acceptable," he added.

China opened its doors to foreign investment during the late 1970s. It has since attached great importance to provisions of protection for foreign investment in China. But there are still many foreign investors who have doubts and misgivings about investing in China, which has an investment environment very different from traditional investment markets. Therefore, many feel the adoption of the new law will be helpful in promoting the country's foreign economic relations.

The draft law, approved last September by the State Council, is in line with China's basic principles on foreign trade and economic dealings. These principles are independence, equality, mutual benefit and, where applicable, international practice.

The Standing Committee meeting opened on January 10. Other important draft economic laws, including an accountancy law, a law governing state-owned industrial enterprises and an inheritance law,

are being examined by the members.

The meeting will also set a date and agenda for the convocation of the third session of the Sixth National People's Congress.

Science Academy Alters Its Funding

The Chinese Academy of Sciences, the country's leading institution for science and technological research, is changing its system of funding projects, announced Yan Dongsheng, vice-chairman of the academy at its 1985 annual conference held recently in Beijing.

For the last 30 years, the academy has allocated equal amount of research funds to each affiliated institute, which in turn distributed the money to research groups without distinction.

The practice resulted in research duplications and delays. Some research projects were inadequately funded, while other research results never went beyond the exhibition stage.

But this year the academy will withhold 17 percent of the yearly allocation to fund research institutes engaged in theoretical studies in both pure and applied sciences that prove to be the most successful and advanced, said Yan.

Each institute has to present its own credentials and qualifications to get a grant. An appraisal committee will be set up to examine these applications.

Meanwhile, the academy will introduce a contract system to fund non-theoretical and development projects in applied science studies.

The projects should be those most likely to help solve key problems in the country's construction, technological renovation and absorption of imported expertise, and to help gain social and economic benefits. The institutes which are assigned the projects will sign a contract and get funds from the academy.

"Thus, the amount of research funds each institute gets from the academy is determined by how well its work is done," said Yan.

The introduction of the contract system, together with the special funds, will promote competition and cut down on inappropriate projects, Yan added.

The academy also encourages the institutes to co-operate with state and local enterprises and colleges through the contract system and to seek funds from production quarters and relieve money shortages, Yan said.

The change in the funding system is only one of the academy's proposed reforms. At the conference, Yan also outlined other major steps:

— The academy will encourage the establishment of technological development companies to popularize and market scientific and technological research results. The

companies will be as economically self-reliant as other enterprises.

— The academy will allow the free flow of scientists and other skilled personnel. "The academy has retained too many talented people, Yan said. "We should let them go and allow them to play perhaps more important roles in other enterprises, and enrol new and younger people."

— The central management of the academy will not oversee the day-to-day work of the institutes, but will organize major research projects, study scientific development both at home and abroad, plan long-term research strategy and take up other major problems that emerge from different quarters.

— The institutes under the academy will be given more decision-making power. They will have the right to accept research projects from other enterprises so long as they ensure the completion of the country's or the academy's projects, to import research equipment, to send people abroad to study and to enrol new skilled personnel.

At another recent meeting on scientific and technological problems, State Councillor Fang Yi said, "In the new situation since China has opened its doors to the world, we import foreign technology and equipment to serve our modernization drive. But, at the same time, we continue to rely on our own strength to crack scientific and technological hard nuts. Importing and self-reliance are not contradictory."

Vice-Premier Li Peng pointed out that priority should be given not only to solving scientific and technological problems, but also to popularizing and applying research results. And such applications should be rewarded, he said.

At the meeting, scientists and technicians involved in 32 completed research projects were cited and

rewarded. Others successful in various stages of research were also honoured.

Sales Ploy Reflects Irrational Prices

Not long ago, a newspaper in Zhejiang Province reported when a peasant in Quzhou City in Zhejiang Province sold a 100-kg pig to a state purchasing station, he tied a mouse to the tail of the pig.

When asked why he did this, the peasant answered, "I am not the first to do it. The state supply and marketing co-operatives have done it for some time. When we buy something from the supply and marketing co-operatives, we are often forced to buy things we do not want. So when I sell to the state a 100-kg pig together with a little mouse, can you say I have overdone it?" His reply made all the people around break out in laughter.

This is an apocryphal story. Nevertheless, the sales practice mocked by the peasant is indeed fairly common in China. Consumers are often forced to buy things they do not wish to buy. The commodities forced upon them are

often poor quality goods or goods which do not sell well. For instance, sometimes when a shopper purchases a half-kilogramme of lean pork, he has to buy an equal amount of fat pork at the same time.

The disreputable sale practice has obviously hurt the consumers, because it not only infringes upon the consumers' freedom to buy things but also forces customers to take things they do not need, thus resulting in waste.

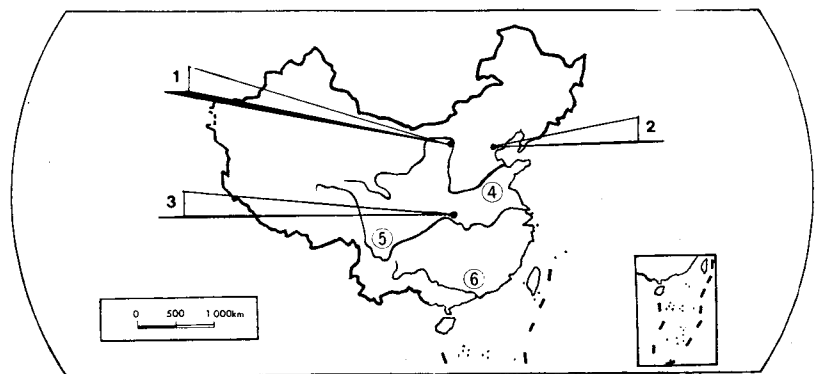
In recent years, governments at various levels, from the central down to the local, have issued orders that the sales practice be stopped. The news media, too, has published many criticisms of the practice. "However," Song Jinglin, an official in the Ministry of Commerce, acknowledged, "It is far from being stopped, although those who are fond of it become somewhat restrained when the government issued orders."

Song thinks there are many factors behind the sales ploy, but the major one is the irrationality of the current price system.

Coupons are issued to restrict the purchase of goods in short supply; and goods which do not sell well are sold along with goods in great demand. If price departments



PLACES IN THIS ISSUE



1. Jungar (p. 29) 2. Tianjin (p. 8) 3. Shennongjia (p. 28) 4. Huanghe (Yellow) R. (p. 28) 5. Changjiang (Yangtze) R. (p. 28) 6. Zhujiang (Pearl) R. (p. 28)

NEWS IN BRIEF

Chinese Party leader Hu Yaobang has encouraged Chinese farmers to increase their average income by 100 yuan a year. He said, "Our major domestic market is the countryside. If the 800 million farmers could increase their annual income by 100 yuan, it would mean an increase of 80 billion yuan a year, a quarter of China's total annual agricultural output value."

* * *

Tianjin, a major industrial city in north China, opened its first subway recently.

The second subway in China, the 7.4-km line through downtown Tianjin can handle 30,000 passengers a day. Beijing's system was the first to open in China.

* * *

China produced 300,000 motor vehicles in 1984, a 27 percent increase over 1983 and 50,000 more than the planned total.

* * *

The Ming Tombs, a tourist attraction in suburban Beijing where 15 emperors of the Ming Dynasty (1368-1644) are entombed, is being restored to its original splendour. The restoration, when complete, will take tourists back several centuries to share the experiences of the Ming Dynasty's royal family and officials. In addition, tourists will be able to enjoy themselves at the nearby International Friendship Forest and the Ming Tombs Reservoir.

Fashionable Changes

A warm back and full belly is no longer the goal. The Chinese today are seeking and are able to afford more than that. Washing machines, TV sets and refrigerators—all considered luxuries just a few years ago—are becoming ever more popular in urban Chinese homes. Beijing's first beauty parlour (pictured) recently opened as more women have sought new hairstyles. Customers line up for service though the charge is high in relation to their pay. However, bonuses received as a result of the current economic reforms have loosened purse strings.



could set high prices for fine-quality goods and low prices for poor-quality ones, the old sales trick would automatically vanish.

"It is clear now that the problem cannot be solved merely by administrative means," Song said. "Economic means must be employed to deal with it, too."

At present, China is carrying out an all-round economic restructuring, which includes price reforms. The ill sales practice will surely be eliminated by the reforms.

Nonsmokers Revive Anti-Smoking Drive

Chinese doctors and nonsmokers have resurrected an anti-smoking campaign that began five years ago but has since slackened.

To get the campaign rolling again, a new organization, the Smoke and Health Association of China (SHAC), is expected to be formed early this year, said Professor Weng Xinzhi, a member of the International Smoke and

Health Experts Advisory Panel. The new organization, said Weng, will launch a stronger anti-smoking campaign and make efforts to have laws passed to control smokers.

There are an estimated 300 million smokers in China, most of whom are male adults. But almost everyone in the nation is forced to breathe in cigarette smoke while sitting in crowded public buildings, eating in restaurants and waiting in lines. In 1984 China produced 1,000 billion cigarettes, 12.5 percent more than in 1982 and the highest output in the world.

"We are shocked to learn that we Chinese have produced so many cigarettes," said Weng. "The contemporary trend in the world is to reduce the output of cigarettes and to cut down on smoking, as most developed countries and some developing countries have been doing."

Campaign: The hazards of smoking have been described as the plague of the 20th century by the World Health Organization, which also has raised the clarion

call, "Strive for a society without a smoker by the year 2 000."

In China people have seen or heard more anti-smoking propaganda during the past few years than ever before. In some public places, such as cinemas, theatres, gymnasia, buses and street cars as well as in most schools, smoking is banned. And no cigarette or tobacco advertising is permitted in China.

Nevertheless, the anti-smoking campaign has not convinced people in any numbers to stop smoking. The anti-smoking campaign sponsors expected smokers to stop when they realized the health threats, but the campaign seems to have been gradually weakened as the output of cigarettes grows.

Contradiction: The Chinese tobacco industry, said Zhu Manluo, an official of the Chinese National Tobacco Corp., is a main source of revenue for the government. "The tobacco industry provided 10.8 billion yuan to the state last year, the second largest contributor among all lines," said Zhu. "On the other hand, to develop the tobacco industry is to meet the people's demand, so it is impossible to forbid smoking."

In order to minimize the negative health effects of cigarette smoking, efforts are being made to

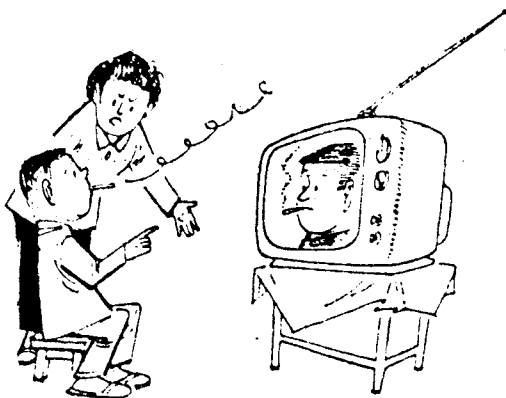
produce low tar and nicotine cigarettes and to increase the percentage of filter cigarettes, said Zhu. The industry is also producing "medicinal" cigarettes.

However, as an expert in the respiratory system, Weng pointed out, "medicinal" and filter cigarettes are also hazardous, though less than the common ones. Some "medicinal" cigarettes can lower blood pressure, but they also produce the same risk of lung cancer as regular cigarettes. Filter cigarettes can decrease the tar content but they bring about more monoxide, said Weng. "So, I will object to all cigarettes."

Resistance: The Chinese smokers seem to have more resistance to quitting than smokers in developed countries. This may explain why the anti-smoking drive has encountered such problems. Many smokers do not believe doctors when they tell them they are harming themselves and others by smoking.

"Doctors are frightening us. It is not so serious as they say," said Li He, a 55-year-old newspaper editor. "I have been smoking for 30 years. I have been quite well. Moreover, I can't quit smoking, for I couldn't write without a cigarette."

The most troublesome problem, said Weng, is that some top leaders and celebrities appear on TV with cigarettes between their lips. This has negated, to some extent, the influence of the anti-smoking campaign. The smokers may say, said Weng, "Ha, ha! He's smoking, he looks very healthy. Why should we quit?" Many doctors have advised the leaders not to smoke, at least not before cameras, but the cigarettes keep showing up on the TV.



— Well, you're smoking again?
— But it must be OK. It's on TV...

from "Beijing Wanbao"
(Beijing Evening News)

AROUND THE GLOBE

China Welcomes Geneva Talks

China welcomes the resumption of disarmament talks between the Soviet Union and the United States, declared a Chinese Foreign Ministry spokesman at a January 9 briefing session. China, he said, wants to see an easing of relations between the two superpowers and hopes they will conduct earnest talks so as to make substantive progress in halting the arms race and easing international tension.

Stand on Afghan Issue Unchanged

China has reaffirmed its demand that the Soviet Union pay heed to the just call of the international community to implement the relevant United Nations resolutions so as to settle the Afghan question at an early date.

Vietnamese Attack Kampuchean-Thai Border

China on January 10 denounced Vietnamese military intrusions on Kampuchean-Thai border area. The condemnation came one day after China rejected Hanoi's call for a lunar new year truce along the Chinese-Vietnamese border.

Since December, Vietnamese attacks have intensified, causing heavy civilian casualties and material damage.

In Laoshan area, Yunnan Province, such provocations assumed serious proportions on January 14 and 15, forcing Chinese frontier guards to return fire.

Geneva

New Start for Soviet-US Talks

The Geneva talks constituted a new beginning for Soviet-US arms control negotiations, but the road ahead looks long and bumpy.

by **CHEN SI** and
REN ZHENGDE

DURING their two days of intensive talks in Geneva, US Secretary of State George Shultz and Soviet Foreign Minister Andrei Gromyko agreed on the subject, objectives and framework for negotiations on nuclear and space arms. In effect, they agreed to begin talking.

Formal negotiations may get under way in the near future, as the United States and the Soviet Union agreed to use diplomatic channels within a month to discuss setting a date and site for further talks.

The world welcomed the sight of Shultz and Gromyko talking, though at the same time there was a realization that the Geneva meeting was nothing more than a beginning for what may prove to be long and tortuous negotiations.

The talks, however tentative, have led US-Soviet relations out of impasse and into a new era of dialogue. The two sides agreed to renew arms talks because they need to do so. Under pressure from people at home, their allies and the burden of heavy military spending, leaders of both countries have been forced to take flexible attitudes and to seek compromise.

For example, in the joint statement issued after the Geneva meeting, the US negotiators agreed that "the subject of the negotiations will be a complex set of questions con-

cerning space and nuclear arms, both strategic and intermediate-range, with all questions considered and resolved in their inter-relationship." The wording seemed to indicate that the US reluctance to place space weapons on the bargaining table had been compromised. And the Soviet side did not take the US removal of the Pershing II and cruise missiles from Europe as a precondition for the renewal of the medium-range missile talks, a demand they had previously repeated regularly.

With further arms limitation talks agreed upon, people hope the Geneva talks may help bring a "thaw" in relations between the two superpowers, thus leading to the improvement of relations between East and West.

However, as far as reducing the number of nuclear arms, a matter of great importance to world peace, is concerned, the agreement on resuming talks does not represent much progress and it is far from ending the nuclear arms race. As there are no signs that the two superpowers will stop their nuclear arms race and their contention for nuclear superiority, many people are worried that the forthcoming negotiations will be protracted and may not even produce an agreement.

There are good reasons for such concern. First, both of the superpowers have their own plan in the future negotiations. The Soviet Union reiterated its desire to pro-

hibit "space militarization" as a "key" to such talks in an attempt to eliminate US President Ronald Reagan's "Star Wars" programme. This is because the Soviet Union, which started earlier than the United States to develop space weapons and previously held a superior position, found that in recent years the United States has continuously made breakthroughs in testing anti-satellite arms and anti-missile systems. Therefore, Moscow is worried that Washington may soon seize supremacy in space weapons, and it is attempting to constrain US development. However, on the other side, the United States wants to check the Soviet development of strategic nuclear weapons, particularly land-based intercontinental missiles. The Soviet Union currently has nearly 6,000 intercontinental ballistic missile warheads, while the United States has only 2,000 warheads of the same kind. So the United States feels the Soviet Union has a decided advantage in intercontinental missiles. Although the United States agreed at present that the two sides may discuss the question of space weapons, it still puts its emphasis on limiting strategic nuclear weapons, particularly the land-based intercontinental missiles. If both sides continue their strategies of weakening and eliminating the other side's superiority and maintaining and developing their own superiority, then it will be difficult to reach any agreement through negotiations.

Second, the Soviet Union and the United States have different positions on strategic, intermediate and space weapons. In the past, they held separate talks on various weapons systems. The talks on limiting strategic weapons alone went on for more than 10 years and the talks on intermediate-

range missiles lasted more than two years and finally ended in stalemate. Now the two sides have decided to include all three kinds of weapons in their talks. One can imagine how complex and difficult the talks will be.

Space weapons are new territory for Soviet-US talks. Reagan has said on many occasions that he will not allow the Soviets to bargain with his "Star Wars" programme. Meanwhile, Soviet Politburo Member Mikhail Sergeyevich Gorbachev said during his visit to Britain late last year that if the United States does not make concessions in limiting space weapons, "there will be no hope of reaching an agreement on limiting nuclear arms."

Third, the verification of weapons remains a major obstacle to an agreement. At present, the two

military rivals have innumerable complaints and suspicions about one another. The US delegation even distributed a report about Soviet violations of previous arms agreements during the talks in Geneva. Before the talks, Washington made several statements declaring that it would never sign an unverifiable arms agreement with Moscow. The Soviet Union, as everybody knows, has all along been opposed to any on-site US inspection on Soviet soil. The Soviet and US positions on this question are so far apart that they cannot be narrowed during a short period.

Generally speaking, the US and Soviet decision to renew arms talks is undoubtedly a good thing. However, whether the two sides actually demonstrate good faith in stopping the arms race will be the key in determining the outcome of the negotiations.

and condemnation from the international community.

The current Vietnamese dry-season offensive, the seventh since Hanoi invaded Kampuchea, began last November 18 when troops attacked Nong Chan camp, which was also a KPNLF stronghold. There were altogether eight KPNLF camps in the area close to the 806-km-long Kampuchean-Thai border. So far six of them have been attacked or overrun by the occupation forces. And more than 110,000 inhabitants have been forced to flee into Thailand, where they wait for relief as refugees.

Hanoi has repeatedly screamed that it plans to extinguish the Khmer Rouge, however the recent onslaughts have been concentrated on the camps controlled by the KPNLF. This indicates that the Vietnamese want to use the anti-Khmer Rouge slogan to slacken vigilance in other parts of the Kampuchean resistance and then swoop down upon them to crush them one by one.

Vietnamese forces selected the KPNLF camps as the first targets because they smugly calculated that they would be able to achieve quick results on the battlefield. As all the dry-season offensives over the past six years have ended in failure, the Vietnamese soldiers have little confidence in their new campaign. Hanoi must manage to improve the morale of its soldiers. The camps controlled by the KPNLF are located on the plain, and they have relatively dense populations. In such areas it is easier for the aggressors to make good use of their superior heavy weapons. It is also much more difficult for the guerrillas to defend themselves in a place that is practically strategically indefensible. Should the guerrillas hope to retain their bases, they would be forced to engage in normal positional warfare. That would give the well-armed Vietnamese an advantage. Moreover, the as-

Kampuchea

Hanoi's Offensive Doomed to Failure

The fall of Ampil is the culmination of a series of onslaughts launched by the Vietnamese forces, but it does not constitute the failure of the guerrillas.

by **YI MING**

"Beijing Review" News Analyst

AFTER dealing the attacking enemy a heavy blow, the armed forces under the leadership of the Khmer People's National Liberation Front (KPNLF) January 7 evacuated Ampil, where the headquarters of the organization were located. The battle around Ampil was the culmination of two months of Vietnamese military action in the Kampuchean-Thai border area, where the intensive dry-season offensive has been concentrated. But the fall of Ampil does not mean victory for the aggressor or failure for the KPNLF forces. It is only another round in the hide-and-hit battle. As in all

guerrilla wars, it is common for guerrillas to retreat when the enemy advances. In fact, reports about a KPNLF counterattack keep coming in.

During the fighting, Vietnamese troops wilfully directed their tank and artillery fire at innocent civilians, causing many casualties. They also wantonly trampled upon Thailand's sovereignty by continuously shelling Thai villages and sending soldiers across the border. They even went so far as to shoot down a Thai fighter aircraft. The situation along the border has become very tense. The Vietnamese military action in Kampuchea and the incursion into Thailand have sparked concern

saults will surely force the civilians to evacuate, and this will add a burden on the guerrillas, placing them in an unfavourable position.

Another reason for the camp attacks is that the KPRLF forces have grown too strong for Hanoi's liking. They rebutted Vietnamese onslaughts against Ampil during the past three dry-season offensives. Especially during the last attack, in April 1984, they battled very well and impressed the situation observers. As a result, the aggressors want to contain their development.

Vietnamese troops are also trying to sow dissension among the three parties in the resistance coalition by putting different military pressures on each party. Hanoi hopes to force each party into caring for itself and not supporting each other, finally achieving the aim of isolating Democratic Kampuchea. But the three parties led by Samdech Norodom Sihanouk, Son Sann and Khieu Samphan joined forces in their fight to recapture the Nong Chan camp. They are also co-ordinating their actions in other battlefields.

Of course, the Vietnamese forces would like to use their dry-season offensive to annihilate all three parties, not just the KPRLF's forces. More operations are expected to take place soon.

As the armed forces of all three resistance groups have increasingly sent their troops into Kampuchea's interior to engage the enemy at the time and place of their choice, especially to destroy communication installations and to cut off Hanoi's east-west supply line, the Vietnamese can not feel at ease. They are vulnerable even in the capital, Phnom Penh, where a curfew has been imposed from 7 pm to 6 am. This is ominous for Hanoi. Drawing a lesson from the failures of the past, they altered their strategy by leaving troops

stationed in the frontier areas rather than pulling them back inland during the rainy season. In doing so, they attempted to seal off the main guerrilla bases, blocking them from infiltrating inland.

At the same time, Hanoi launched the current offensive much earlier than before in the hope of catching the guerrillas off guard.

However, the resistance forces were prepared for this. They know how to deal with the aggressor. They are also more combat-worthy than ever before, despite their inferior weaponry. For example, all the KPRLF camps

which have fallen to the enemy were evacuated by the guerrillas themselves. They fought, pulled out and then fought back. By using guerrilla war tactics, their combat strength has not been impaired. Their principal aim in defending the camps was to inflict the maximum number of casualties on the enemy. They say they are not interested in retaining control over localities. After Ampil fell, some guerrilla leaders advocated moving their bases inland to strike the enemy. This is the answer to the enemy's offensive. With the military spirit of the resistance so high, no force on earth can stop their struggle for independence.

Afghanistan

Soviets Trudging in Mire

Military frustrations, heavy economic burden and political isolation in the world are what the Soviets have achieved in the five years of their invasion of Afghanistan.

by **SHI SONGXING**

FIVE years ago on December 27 the Soviet Union forced an aggressive war upon Afghanistan. But what have the Soviets reaped from their five-year campaign?

Chief among the Soviet achievements is military frustration on the Afghan battleground. Just recall the initial stage of the war when the Soviets took it for granted that they would only need "limited" forces to snatch the little mountainous country with the ease of picking a fully ripe apple. But they were disillusioned shortly after encountering the brave Afghan people, who loved their freedom so much they flattened the Soviet blitz. During the second year, the Soviets attempted another set of tactics. Instead of seeking complete occupation, they concentrated their forces on securing key cities and major supply lines. At the same time, they replaced the

tactic of pursuit and destruction with encirclement and suppression. In spite of the changes, the Soviets still failed to end the resistance. Anywhere the Soviets crouched — from cities and towns to barracks, airfields, warehouses and sentry posts — they were pummeled by the guerrillas. As for protecting their supply lines, they fared even worse. The Soviet encirclement and suppression withered as the wily guerrillas fought back. In the Panjshir Valley, for instance, the Soviet army launched a series of large-scale attacks against 3,000 to 4,000 guerrilla fighters. Although the Soviets far outnumbered the guerrillas (there were as many as 20,000 Soviet soldiers involved), they could not crush the guerrilla operations.

Over the past two years the Soviets have relied on their superior air force to launch frequent "blanket bombing" against the guerrilla-controlled regions and

civil targets. Sources claim that the Soviet Union sent 40,000 to 50,000 reinforcements to Afghanistan just last year. But even if they add another 100,000 to 200,000 soldiers, the Soviet Union cannot expect to eliminate the resistance of the Afghan people and extricate themselves from the mire.

The second Soviet achievement in Afghanistan is a heavy burden. The costs of the campaign have been beyond Soviet expectations. According to a modest estimate, the Soviet army in Afghanistan suffered 20,000-plus casualties, as well as heavy losses in planes, armoured vehicles and tanks. Soviet military expenditures in Afghanistan amount to US\$6 million per day, as almost all the war supplies — oil, arms, ammunition, food and equipment — are sent from home. And what is worse is that Kabul authorities installed by the Soviet Union five years ago grow thin and pale. The Soviet puppet government lacks acceptance from abroad and has failed to win the support of people at home. Meanwhile, the regime is fatally tortured by clique clashes. The Kabul regime's army is also impotent. Rebellion, mutiny and desertion have occurred frequently. The war has crumbled the Afghan economy and forced the country into semi-starvation. For five years Afghanistan has been gasping for breath, while forced to take the Soviet "blood transfusion." Though the Soviet Union is a superpower, Afghanistan is not a light burden. There is an increasingly strong war weariness and an anti-war mood among Soviet soldiers and civilians caused by the heavy loss of lives and materials in Afghanistan.

The Soviet Union stands isolated in the world because of its aggression. Over the five years, the United Nations General Assembly has passed six resolutions urging a

Soviet withdrawal from Afghanistan. On the last vote 119 of the

159 United Nations members voted for the withdrawal.

Korea

Relaxation of Tension Faces Test

Rescheduled talks between North and South Korea have been cancelled as a result of large military exercises announced by South Korea and the United States.

by LU JIN

CAN last year's relaxation between North and South Korea be carried into 1985? The world's attention is focused on the Korean Peninsula to see if the hopeful signs continue.

Though the two sides began to talk last year after North Korea offered aid to flood victims in the South, the renewed dialogue was disrupted by a November 23 shooting incident at Panmunjom.

Rescheduled talks were to be held this month, but they, too, were postponed by the North Korean government because the United States and South Korea insisted that they will hold the large military exercises — "Team-spirit 85" — this spring. At a time when the tension was easing, such a military display runs against the wishes of the Korean people and all the people of the world.

On January 7 North Korean President Kim Il Sung denounced the military exercises as a challenge to the cause of peace in Korea and her peaceful reunification and a grave military action which will dampen the atmosphere of dialogue and negotiations. He said if the United States and the South Korean authorities are really concerned about reunification and the relaxation of tension on the Korean Peninsula, they must cancel the exercises.

In his new year's address, President Kim expressed high hopes for improving the dialogue between North and South Korea,

and he said that the Workers' Party of Korea will make sincere efforts to encourage economic and Red Cross talks and to bring about consultation and exchange between the North and South. If the dialogue progresses along with the people's wishes towards reunification, said Kim, high-level political talks could follow. Kim's words indicated that renewed talks can yield fruits if South Korea is also sincere.

As to tripartite talks with the United States and South Korea proposed by the North Korean government last year, Kim said that North Korea will continue its efforts despite the lack of progress because of Washington's rejection. North Korea, said Kim, hopes to sign a peace agreement with the United States and a non-aggression pact with South Korea to end the arms race and military confrontation on the Korean Peninsula and create conditions favourable to reunification.

Some observers attribute last year's relaxation of tensions to the positive initiatives by the North and the relevant response by the South. To eliminate obstacles and to create an atmosphere for further dialogue, North Korea hopes that the United States and South Korea will also take positive steps. The first such step would be to cease military provocations and to cancel the spring military exercises.

As for the future, although the economic and Red Cross talks were postponed because of the military exercises, the situation looks hopeful despite the many other difficulties which remain.

Superpowers Reach Military Balance

Neither the United States nor the Soviet Union enjoys military superiority today, and it seems likely that the balance of power between the two superpowers will continue through the remainder of the 1980s. Neither side seems to have the economic and technical strength to break the balance.

With their military strength in balance, the two sides can now take a serious attitude towards negotiating nuclear disarmament, a move that would be a positive factor in safeguarding world peace.

by **SHI WUQING**

MILITARY strength is the key factor in the competition between the two superpowers, and it is also the instrument used by both in carrying out global strategy. Any change in their fierce military competition and balance of power not only influences their strategic position in the rivalry for world domination, but is also directly related to world peace and stability. It is, therefore, a common concern to the people of the world.

Over the past 40 years, the US-Soviet military competition has seen major changes. The Soviet Union rose from apparent inferiority during the early postwar years to a relative balance. Then, during the late 70s, it even gained a favourable momentum. On the other hand, the United States dropped from supremacy to a relative balance of power. But, when faced with the prospect of Soviet supremacy, it speeded up its military buildup during the 1980s. It has now surpassed the Soviet Union and has completely reversed the Soviet advantage gained during the last decade. Military expenditures in both countries have increased dramatically. While developing their overall military forces, they have focused on quality improvement and hastened their pace in developing new military tech-

niques, especially such high-tech weaponry as space or laser weapons and anti-ballistic missiles.

Military strength is difficult to estimate. It covers not only such countable factors as troops, weapons and equipment, but also such intangible factors as troop deployment, structure, command, control, communications, reconnaissance, logistics support, fighting spirit and training standards. Geographic circumstances, political systems and the strength of allies must also be taken into account. In this article we will attempt to compare troops, weapons, equipment and other factors directly related to military power. The comparison is aimed at reflecting objectively the relative military strength of the United States and the Soviet Union.

Military Troops and Their Deployment

Five services form the Soviet armed forces. They are the army, navy, air force, strategic rocket forces and air defence forces. The troops number more than 4 million. US military forces are composed of the army, navy and air force, with soldiers totalling about 2 million. But the two countries' armed forces are, in fact, not so disparate as the troop numbers indicate, for the United States and the So-

viet Union differ a great deal in their military systems. Many nonmilitary civil servants occupy important American military commanding posts. The secretary of defence, for example, is a civilian. More than 1 million civil servants in the United States are employed in military administration, technical posts and logistics jobs, while in the Soviet Union most of such jobs are handled by service men and women. Although there are also civil employees in the Soviet military, the number is much smaller. What's more, Soviet troop numbers also include several hundred thousand internal security troops and engineering construction corps. As a result, the proportion of military troops between the Soviet Union and the United States is actually more like 4:3.

As for troop deployment, both the United States and the Soviet Union concentrate on Europe as the most important spot to deploy their forces. Asia comes second. About 3 million Soviet soldiers are deployed in Europe and more than 1 million in its Asian region, Mongolia and Afghanistan. The United States' overseas troops, which account for 27 percent of the total number of soldiers, are deployed as follows: 60 percent in Europe, the Middle East and North Africa (about 350,000); 33 percent in

Asia and the Pacific (about 190,000); and 7 percent in America outside continental United States (40,000). The remaining troops, about 1.5 million strong, are located in the United States as strategic reserve forces. Most of them, though, are ready to be used as reinforcements for the European war zone.

Strategic Nuclear Forces

Both the United States and the Soviet Union have established strategic nuclear attack forces which consist of intercontinental missiles, strategic submarine-based missiles and long-range bombers. Both nations pursue a nuclear strategy of "deterrence" and "ability to win": they seek to deter the other by possessing a strong nuclear force, but they try to build up enough nuclear weapons to win a nuclear war if the deterrence should fail. Currently the Soviet Union possesses more intercontinental missiles, but the United States is equipped with more strategic submarine-based missiles and long-range bombers.

The Soviet Union has gained numerical superiority in its nuclear attacking force. Its nuclear missiles number about 2,400, while the United States has 2,100. The Soviet Union also outnumbers the United States in the equivalent megatonnage (EMT) of nuclear warheads. It possesses more than 5,000 EMTs, while the United States has less than 4,000 EMTs. As a result, the Soviet Union has an advantage in attacking soft targets such as cities. But the United States has 9,400 nuclear warheads, while the Soviet Union has only 8,000. And because the United States stresses the development and deployment of sea-based missiles, it possesses higher mobility and survivability. After many years of efforts, the Soviet Union has reduced the quality gap between its weapons and those of the United States, but the Soviets still lag behind. The

United States continues to have superiority in the accuracy and targeting options of its intercontinental missiles, in submarine launching capability, in the accuracy of submarine-based missiles, in the strategic bombers' penetrability and in electronics warfare capability. The US nuclear force betters the Soviet Union's in actual combat. Taking all this into account, the strategic nuclear capability of the Soviet Union and the United States is roughly balanced. Neither is able to destroy the other with a first strike. Both would have the ability to fire second-strike missiles after being hit by a first strike.

Nuclear Theatre Forces

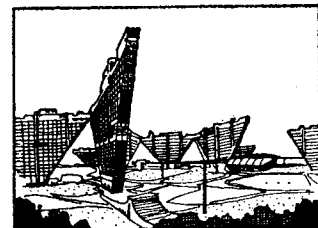
The concept of nuclear theatre forces is ambiguous. It is generally believed to include all nuclear weapons and their launching facilities, with strategic nuclear forces excluded. Since the Soviet Union and other Warsaw Pact countries enjoy apparent superiority in ground forces, the United States and its North Atlantic Treaty Organization (NATO) members expect to frustrate conventional attacks in Europe by means of nuclear theatre forces without resorting to strategic nuclear weapons. To meet this demand, the United States has achieved numerical superiority in nuclear theatre weapons. It has 8,000 such weapons, including aircraft, missiles and artillery, while the Soviet Union has only 5,000. But in the composition of the nuclear theatre forces, the United States, which must rely on aircraft capable of carrying both conventional and nuclear missiles, would likely be hampered by the enemy's air defence forces. Whereas the Soviet Union relies on its missiles, thus having greater penetrability.

The United States has mainly deployed its nuclear theatre weapons on its own territory, which results

in inferiority, particularly in intermediate-range missiles, in Europe. As early as the late 1970s, the Soviet Union began to deploy SS-20 missiles in Europe. They now number 243. But the United States started to distribute its intermediate-range missiles in Europe only at the end of 1983. They total only 68 (36 Pershing II and 32 cruise missiles). But the Pershing II and cruise missiles are much more accurate than the Soviet Union's SS-20 missiles. The cruise missiles are also equipped with an advanced guidance system that endows them with very low altitude penetration capability. With the present Soviet air defence system, it is the kind of missile most difficult to defend against.

It is also believed that once a war breaks out, the United States can dispatch more than 1,000 nuclear-delivery jet fighters to Europe from its own territory. Such reinforcements would double its long-range nuclear theatre force in Europe. As for the Soviet Union, since its nuclear theatre weapons are primarily deployed in its European part of territory, its ability to increase its forces is limited. East European countries do not have their own nuclear forces. So if the independent nuclear forces of Britain and France are included, NATO has an edge on the Warsaw Pact.

(To be Continued)



Official Spells Out Investment Laws

People from industrial, commercial and trade circles abroad have greeted China's policy of opening to the world, absorbing foreign capital and importing advanced technology. Many of them have come to invest or to establish joint ventures. However, many foreign business owners do not have a clear understanding of China's laws concerning foreign investment. To help clarify the provisions of relevant regulations, "Beijing Review" correspondent Zhang Zeyu interviewed Liu Yimin, deputy director of the Department of Treaty and Law under the Ministry of Foreign Economic Relations and Trade. — Ed.

Question: China is drawing up a law on enterprises wholly owned by foreign investors. How is the work going?

Answer: We are now quickening our pace to work out the law. It will probably be published in the first half of 1985.

Q: If foreign investors intend to establish enterprises wholly owned by themselves in China before the promulgation of the law, which department will they apply to and how do they go through the procedures?

A: Though the law has not been published, more than 50 enterprises with exclusive foreign capital have already been approved in the special economic zones, and most of them have begun operation. The first enterprise — 3M China Ltd. — was set up last November in Shanghai. It was launched by the Minnesota Mining and Manufacturing Co. from the United States. The corporation will produce and sell electrical tape, electrical connectors and electrical splicing and terminating kits. With a registered capital of US\$3 million, its operating duration will be 15 years.

Foreign investors who intend to establish enterprises wholly owned by themselves in special economic zones should apply to the administrative committee in the zone. In the 14 open coastal cities, Hainan Island and other regions, they should apply to the local government office in charge of foreign investment. The application should include information on the product to be manufactured; the varieties, specifications, applications and main properties of the product; the scale of production; the total amount of investment; the amount of land and floor space required; the number of workers and staff members required; sources of raw materials; a proposed operation duration; credit references of the applicants; and any other information the applicants deem necessary. Foreign investors may rely on local trust and investment corporations or consulting companies to handle the application formalities. If approved, they may register with the industry and commerce administrations and obtain operation licenses. By this time, the enterprise is regarded as officially established and ready to start its construction and production preparation.

Q: Do wholly owned foreign enterprises and joint ventures enjoy the same treatment? Are there any time duration or trade limitations?

A: Wholly owned foreign enterprises enjoy almost the same treatment as joint ventures before the promulgation of the law. However, there are some differences between them. For instance, both joint ventures and wholly owned foreign enterprises set up in special economic zones, on Hainan Island and in the economic and technological development areas of the 14 newly opened coastal cities pay 15 percent income tax and no income tax will be levied on the repatriation of profits. The rate of income tax on joint ventures in regions other than those mentioned above shall be 30 percent according to the Income Tax Law of the People's Republic of China Concerning Joint Ventures With Chinese and Foreign Investment. In addition, a local surtax of 10 percent of the assessed income tax shall be levied. In the case of foreign participants in a joint venture remitting their share of the profit from China, an income tax of 10 percent shall be levied on the remitted amount. As for wholly owned foreign enterprises in China, in accordance with the Income Tax Law of the People's Republic of China Concerning Foreign Enterprises, they pay an income tax of between 20 and 40 percent on the basis of progressive rates. In addition, a local surtax of 10 percent of the assessed income tax shall be levied. Foreign investors remitting their

profits home will be exempted from paying the usual income tax.

Wholly owned foreign enterprises will enjoy more decision-making power than Chinese-foreign joint ventures in the management of the enterprise. The Chinese Government will not interfere in their business as long as they do not violate Chinese laws and exceed the approved scope of operation.

I think concrete regulations concerning the trades of wholly owned foreign enterprises will be spelled out in the law. We welcome wholly owned foreign enterprises to produce industrial products urgently needed in China that are technologically advanced and to provide the means of production that China lacks.

Q: Can wholly owned foreign enterprises purchase various raw and semi-finished materials in China? How will they be priced?

A: I cannot say in very brief and general term, since there are numerous varieties and specifications. In principle, China will do its best to supply whatever available materials the wholly owned foreign enterprises need. Those that China cannot supply, wholly owned foreign enterprises can import or have imported by a Chinese foreign trade corporation. Generally speaking, China is rich in natural resources, but this does not mean that China can meet the needs in every field. In the past few years, we have imported large quantities of iron ore, rolled steel, timber, certain kinds of non-ferrous metals and chemicals. Even China's coal production, which has verified reserves of hundreds of billions of tons, falls short of supplying the domestic needs due to the low efficiency of mining and transportation. As for the prices of raw materials purchased in China, they will be determined

with reference to the prices provided for joint ventures before the foreign enterprise law is proclaimed.

Q: Are products produced by foreign enterprises allowed to be sold on the domestic market? If so, how much of the production can be sold in China?

A: Like the policy for joint ventures, products manufactured by wholly owned foreign enterprises are allowed to be sold in China as long as they are vital to the construction of China's four modernizations and are made with advanced technology. As for the proportion of products to be sold in China, the Chinese government does not stipulate that figure in the Law on Joint Ventures Using Chinese and Foreign Investment. Wholly owned foreign enterprises may propose a domestic sales proportion when applying or consult with the local departments.

Q: How does a wholly owned foreign enterprise that sells most of its products in China, thereby earning Chinese currency instead of foreign exchange, remit its profits abroad?

A: Provided the enterprise is producing in accordance with a domestic sales proportion approved by a Chinese government examining organ and it has promised to pay the lacked foreign currency, the foreign enterprise will be allowed to change its Renminbi profits into foreign exchange for remitting profits.

The following ways will probably solve the problem; (1) Wholly owned foreign enterprises may charge foreign exchange directly from the domestic consumers. (2) Foreign exchange may be appropriated by the local government or central government through application to the examining and approval department. The wholly owned foreign enterprises may change their Renminbi profits into foreign exchange at the Bank of China.

Q: The Chinese government stipulated that enterprises with foreign investment must be technically advanced. How will this be determined?

A: Advanced technology usually refers to production making use of the latest scientific achievements. Such production should be up to

Reporters interviewing Liu Yimin (with spectacles) at a seminar on China's joint venture law in Hongkong.



the advanced world level of the late 1970s and early 1980s. With remarkable efficiency, such products should be very competitive on the market. The owner of the advanced technology should provide a detailed introduction, and its status will be determined by the examining and approval department of the Chinese government. If the project is approved, that means the technology is advanced and the products are needed.

Q: Will the patent rights on products contributed by foreign companies to joint ventures be protected? If so, how long will they be protected? What happens if the patent rights are violated?

A: Patent rights of products contributed by foreign companies will be fully protected in China. The time duration for the patent protection should be stipulated in the technology transfer agreement or in the license agreement signed by the two parties. In case of action that violates the patent rights, compensation will be paid for the loss in accordance with the stipulations of the agreements.

China has worked out its own patent law and has established patent rules and regulations. This is aimed at encouraging invention and creativity and protecting the rights and interests of inventors and creators. The Chinese government has decided to join the "Paris Convention for the Protection of Industrial Property" and sent its application to the executive organization of the Convention last December. So foreign investors will be fully guaranteed in terms of patent rights.

Q: The duration of a joint venture is rather short. Can the duration be extended?

A: The duration of a joint venture is usually between 10 and 30

years according to Chinese law. The term for those enterprises engaged in projects requiring a large amount of investment, long construction periods and a low return rate can be extended to more than 30 years. Our regulations also stipulate that when all parties to a joint venture agree to extend the duration, the joint venture shall file an application for extending the duration before the date of expiration of the joint venture. That is to say although there are set terms, China adopts a flexible policy on the time duration.

Q: Does a joint venture have the right to work out its production plans? Can it determine which products it will produce according to the market needs or must it follow the directive of the government?

A: China's law on joint ventures stipulates that the production and operation plans of a joint venture will be worked out by its board of directors. Its products can be manufactured and sold according to the market needs so long as the joint venture does not exceed the scope of operation stipulated in the contract and the rules approved by the examining and approval authority and does not go beyond the limits set on the proportion of products to be sold in China and abroad. In the Regulations for the Implementation of the Law of the People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, which were promulgated by the State Council on September 20, 1983 (see *Beijing Review* No. 41, 1983), Article 56 further stipulates: "Departments in charge of the joint ventures and planning and administration departments at all levels shall not issue directives on production and operating plans to joint ventures." The regulation gives a guarantee that joint ventures can make their own decisions.

Q: Can a joint venture determine the price of its products?

A: Products made for export can be priced by the joint venture. Products for sale on the Chinese domestic market, in principle, may also be priced by the joint venture in accordance with production costs and a rational profit. Those products priced by the state will be priced on the principle of high price for high quality within the approved range of the price control department. The Chinese government encourages small profits on quick turnover, and in order to promote the development of the enterprises we allow them to compete with each other. Of course high quality products made by joint ventures may sell for low prices if the production is technologically advanced, management is scientific, and production costs are lower than those in China's state-owned enterprises.

Q: How will China determine the fees for using a site? Some people think the fees are rather high. Is that so?

A: The standard for land fees is determined by the local government based on its use, geographical position, environment and infrastructure. Industrial joint ventures established in big cities such as Beijing, Shanghai and Tianjin, pay annual land fees of about 15 yuan per square metre. Site use fees for the same trades will be lower in the suburbs or in medium-sized and small cities. Enterprises with foreign investment that help develop economically underdeveloped areas may apply to the local government for preferential treatment. Some foreign investors do believe China's site use fees are rather high. We have relayed that opinion to various cities, and I am sure they will give consideration to it when

determining land use fees in the future.

Q: Why are the wages for staffs and workers employed by joint ventures higher than in state-owned enterprises? Why is a portion of their wages handed over to the state?

A: Staffs and workers are recruited by the joint ventures through examinations and are chosen according to their merits. They are well-educated and have a higher skill level than those in an ordinary state-owned enterprise. They have to work harder. In order to keep them satisfied, wages for these workers and staffs may be 20 to 50 percent higher than wages paid by state-owned enterprises in similar trades in the same district. As for the actual pay scale, the joint venture determines it within the boundaries of a wage standard.

Chinese employees of joint ventures should contribute part of their wages to the state. China's present low price policy and low wage system makes such a contribution necessary. The state currently purchases many basic living necessities at high prices and sells them at low prices to urban residents. In 1985 the state subsidy for grain, meat, fuel, housing rent, medical care and other social welfare benefits added up to a sum 2.3 times the average Chinese wage. Chinese employees of joint ventures and foreign enterprises enjoy the same subsidies, but their employers pay much less income tax to the state. The amount of money is paid back to the state by the joint ventures in the form of workers paying a portion of their wages to the state. This is an interim measure which will be changed with the reform of China's price and wage system.

Q: How will joint ventures be liquidated when they terminate their business? Can the funds a foreign participant receives be remitted abroad?

A: Upon the expiration of a joint venture, a liquidation committee should be set up. The property remaining after clearance shall be distributed among the joint venture members according to the proportion of each party's investment. Any value in excess of the registered capital is regarded as profit, on which income taxes shall be levied according to the law. The foreign participant shall pay income tax on the portion of the net assets that exceeds his investment when he remits it abroad.

Q: How will the fixed asset be assessed at the termination of a joint venture?

A: Upon the expiration of a joint venture, the fixed assets shall be calculated according to the residual value after depreciation. If there is big change in price on the international market which brings about a big gap between the calculated value and the actual value, fixed assets can be reassessed through consultations between the various parties to the joint venture.

Q: What is the difference between a joint venture and a co-operative enterprise? Which does China prefer most?

A: Joint ventures and co-operative enterprises are both methods of operating enterprises using Chinese and foreign investment. The first is an equity joint venture and the second is a contractual joint venture.

According to China's laws, an equity joint venture must form a limited liability company. Its profits and losses will be shared strictly among parties to the joint venture in accordance with the proportion of each party's investment. No party is allowed to withdraw its investment prior to the expiration of the contract. All parties pay income taxes on profit pursuant to the Income Tax Law of the People's Republic of China Concerning Joint Ventures With Chinese and Foreign Investment.

As for the contractual joint venture, no laws and regulations have been promulgated as yet. The rights and obligations of parties in co-operative enterprises are not determined by the proportion of investment. Instead, they will be decided according to the stipulations of the contract through consultations. During its operation, all co-operative parties are allowed to withdraw their share of the investment and its interest installments from their proceeds. Both Chinese and foreign participants to a co-operative enterprise pay income tax on their profit. The foreign participants pay tax according to the Income Tax Law of the People's Republic of China Concerning Foreign Enterprises.

China welcomes both of the two forms of operation and will treat them equally. As for what form they adopt, foreign investors may decide themselves or consult with their Chinese partners. □

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Passing On Traditional Chinese Medicine

by ZHANG GONGYUAN
Our Correspondent

A two-year-old boy, Meng Yue, lay dying because his body could not absorb the nutrients from the food he ate. For seven months he had failed to respond to the treatment of Western-style doctors. His parents finally took him to doctors of traditional Chinese medicine, who rescued the boy.

Examples like this are not rare in China. Of course, no one

would go so far as to say that traditional Chinese medicine is better than Western medicine in all cases. But it is true that Chinese medicine is the crystallization of the wisdom gained from fighting disease for thousands of years. It is a valuable scientific legacy. Today both Chinese and Western medicine are serving the Chinese people, complementing each other. About 40 percent of all Chinese patients are being treated in the traditional way.

10 or even 20 types of pulses on the forearm. They then diagnose where the disease lies. This method is called pulse-feeling and palpation. Of course, this is only one of the methods used in diagnosis. Generally, doctors also observe the patients' facial expression, skin sensation, tongue and nutrition, listen to the patients' moans, cough, breathing and hiccups and ask about the case history. Doctors of traditional medicine have made diagnoses this way for thousands of years.

Long History Provides Background

RECORDS of traditional Chinese medicine can be found on 3,000-year-old oracle bones. The system contains a complete theoretical framework, unique diagnostic methods, principles of treatment and medical prescriptions.

Nei Jing (Manual of Internal Medicine), the earliest preserved Chinese medical classic, was compiled during the Warring States Period (475-221 BC). It is a collection of clinical experiences and theories derived from long years of treating diseases. It uses the theories of *yin* (negative) and *yang* (positive) and of the five elements—metal, wood, water, fire and earth—the simple materialist philosophy of ancient China, to explain various physiological and pathological phenomena. According to the theory, the human body is made up of two substances represented by *yin* and *yang*. As long as there is a balance between the two, there will be no disease. The human

body is also part of the physical universe, and the internal organs can be matched with the five elements in the physical world. Therefore, the principles of development and change in nature can also be regarded as the principles of development and change of the physiological and pathological phenomena in humans.

Ancient Chinese doctors knew how to dissect the human body. Their knowledge of the heart, stomach, intestines, trachea, blood vessel, brain and nerves was recorded in early medical books. Through long years of clinical work they combined their experiences into the theory of collateral channels and vitality. According to this theory, human organs are linked by a network of passages through which vital energy circulates. The ancient methods of Chinese acupuncture and moxibustion were developed on the basis of this theory.

Doctors of traditional medicine use three fingers to feel more than

If two patients suffer the same symptoms and are diagnosed as having the same disease, a doctor of traditional medicine will often make two different prescriptions. This is due to individual differences in their bodies. In this way doctors of traditional medicine are quite different from Western-style doctors. This dialectical principle can also be used to treat different kinds of diseases with similar prescriptions. In his *Treatise on Febrile Diseases*, Chang Zhongjing (C. 150-219 AD) wrote about achieving a complete cure by expelling unhealthy influences and retaining normal ones.

The several thousand kinds of medicinal herbs used by traditional doctors are attracting more and more attention from international medical organizations. This is because the vast majority of these herbs have no or little side-effects. Some of them are just ordinary cereals, vegetables or fruit.

The ancient legend of Shen Nong tasting hundreds of herbs reveals that the ancient Chinese knew how to treat diseases with natural substances. *Shen Nong Ben Cao Jing* (Materia Medica of

Shen Nong), China's earliest special book on medicines compiled more than 2,000 years, records 365 natural drugs including herbs, fruit, cereals, tree bark, vegetables, animals, insects, fish and metals. By the 16th century AD China's well-known pharmacologist Li Shizhen (1518-93) finished his great work on pharmacy *Compendium of Materia Medica*, which details 1,892 drugs and 11,096 prescriptions. Later on, more than 2,600 natural drugs were recorded in classical medical literature. This is part of China's most valuable legacy from traditional medicine.

Over the centuries, traditional Chinese medicine has evolved into specialties of surgery, internal medicine, gynaecology, paediatrics, dermatology and ENT and special treatment methods such as acupuncture, moxibustion, deep breathing and medical massage. Many books have been written on these subjects.

A Classic of Acupuncture and Moxibustion by Huangfu Mi (215-282 AD) systematized what was then known about human physiology, dissection, pathology and diagnosis, and determined the total number of acupuncture points and their locations on the body. The *Prescriptions for Women's Diseases* by Sun Simiao (581-682 AD) was the first book to describe how to treat diseases occurring in women and children. The author believed women and children's diseases have their own characteristics and should be diagnosed and treated separately.

China's earliest book on surgery was edited about 1,500 years ago. It contains very detailed descriptions on how to diagnose and treat ulcers, and also records on injuries, eczema and skin diseases. And about 1,000 years earlier, Hua Tuo invented anaesthesia and applied it in surgery. It is a pity that his experience was lost.

The legacy of traditional Chinese medicine is very rich. However, after Western-style medicine was imported in the second half of the 19th century, and especially because the government then tried to

replace traditional medicine with Western-style medicine, Chinese medicine was seriously undermined. It was only after New China was founded in 1949 that the situation was changed.

Traditional Techniques Live On Today

BEFORE 1949 there were no regular hospitals or colleges for traditional Chinese medicine. Now the country has more than 1,000 of these hospitals above the county level, with more than 70,000 beds altogether. There are also 24 colleges and 48 research institutes for traditional medicine and pharmacology above the city level. More traditional medicinal centres are soon to be set up in Shanghai, Chengdu and Wuhan.

Formulating Policies

As soon as New China was established Mao Zedong and other state and government leaders began to pay attention to traditional medicine. The government formulated a series of policies to inherit the legacy and enhance the

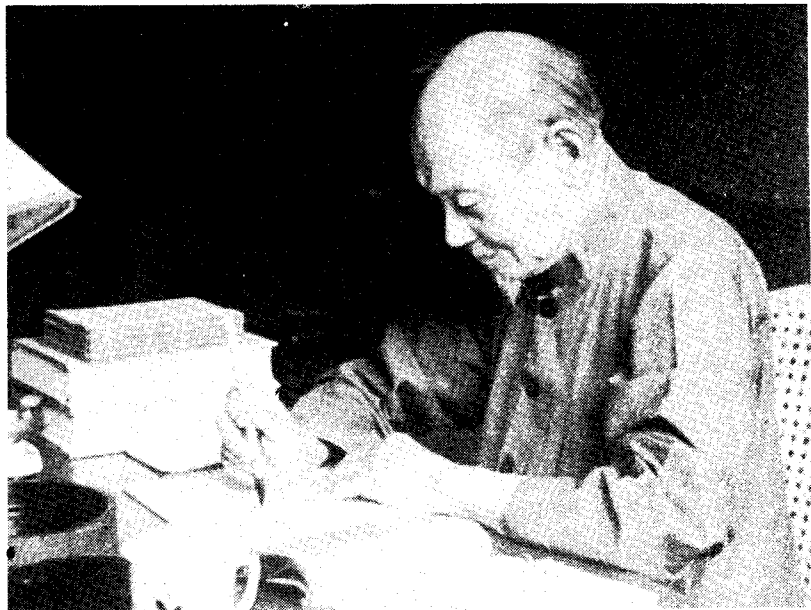
level of Chinese medicine, to rely on and unite with doctors of traditional medicine, to improve overall medical care, to combine traditional and Western-style medicine, and to modernize traditional medicine.

Under the guidance of these policies, traditional medicine developed until the start of the "cultural revolution" in 1966.

First, the more than 280,000 traditional practitioners who had their own clinics were absorbed into state-owned or collectively owned medical institutes. This created much better working conditions for them.

In the meantime, 371 hospitals specializing in traditional medicine

Yang Qiupeng, the 79-year-old physician-in-charge of the surgical department of Anhui Province's Hua Tuo Hospital of Traditional Chinese Medicine, makes notes on his medical work.



were set up, and more than 40 colleges and research institutes were formed. Encouraged by the government, many Western-style doctors began to learn traditional medicine and pharmacology.

However, during the "cultural revolution" traditional medicine suffered many setbacks. According to statistics, during those 10 years the number of traditional doctors dwindled by one-third, and in some provinces it dropped by one-half or even three-fourths.

To restore and revitalize traditional medicine, the Party Central Committee issued a special document in 1978 on implementing the policies on traditional medicine as soon as possible. At the meeting of traditional doctors and those who know both traditional and Western-style medicine in 1980, the government called for simultaneous development of traditional and Western-style medicine and for combining the two. The new Constitution adopted in 1982 includes the term of promoting traditional Chinese medicine. These ensure the growth of traditional medicine in the future.

Consolidating Hospitals of Traditional Medicine

Because traditional medicine was weakened during the "cultural revolution," many of the specialized hospitals replaced their staff members with Western-style doctors. They did not have enough practitioners or pharmacists skilled in traditional medicine. There were no departments skilled in the specialities of Chinese medicine, and few medicinal herbs were prescribed.

In 1982 the Ministry of Public Health convened a national meeting on the work of these hospitals in Hengyang, Hunan Province. There the Hengyang city hospital of Chinese medicine explained

how it had maintained its characteristics. Participants at the meeting adopted a draft of the Regulations on the Work of Hospitals of Traditional Medicine.

The Hengyang city hospital of traditional medicine was an associated clinic set up by several doctors of traditional medicine in the early post-liberation days. Now it is a small hospital with 263 employees and 182 beds. Because it has fully developed its advantages, one-third of the city's out-patients flock there while the remaining two-thirds go to the other four hospitals.

Hengyang hospital divides traditional medicine in ten departments, including internal medicine, surgery, gynaecology and paediatrics. This enables the doctors to specialize. Special attention is paid to nursing measures unique to traditional medicine and to concocting medicinal herbs. This greatly raises the effectiveness of the traditional medicine.

In 1982 the Ministry of Public Health began the trial implementation of the Regulations on the Work of Hospitals of Traditional Medicine. The third article of the

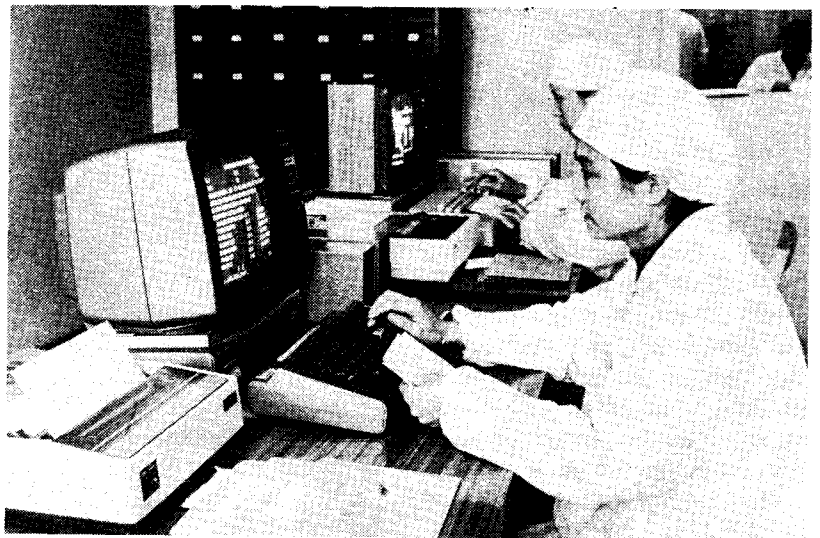
regulations says, "The staff of a hospital of traditional medicine should be composed mainly of doctors and pharmacists of traditional medicine and other health and scientific personnel." The eighth article says, "The medical work in such a hospital should be guided by the theory of traditional medicine, and modern science and technology should be employed to raise the level of diagnosis and treatment."

Traditional Doctors Win Respect

Wu Junyu, newly appointed deputy director of the Beijing Municipal Bureau of Public Health, was politically persecuted during the "cultural revolution."

At 17, Wu, an apprentice-turned-practitioner, opened a private clinic in his native city of Wuxi in Jiangsu Province. His excellent record earned him a chance to continue his studies in a Beijing school for an advanced course of traditional medicine in 1954. After graduation with outstanding grades, he was appointed leader of the department of traditional medicine in a Beijing hospital.

Medical workers in the Jiangsu Provincial Hospital of Traditional Chinese Medicine use computers to help prescribe treatment.



Unfortunately, just when he was in his prime in 1966 Wu was falsely accused and sent back to Wuxi. But he never forgot his duty as a doctor, and worked long hours to treat his fellow villagers free of charge. He also wrote more than 30 academic papers.

When the new policy concerning doctors of traditional medicine was implemented in 1978, Wu was transferred back to a Beijing hospital of traditional medicine. In 1983 he became director of the hospital, was invited to teach as an associate professor in a medical college in Beijing and was elected a delegate to the Beijing municipal people's congress.

Wu's story is only one of many. From 1976 to 1983 the Ministry of Public Health conferred academic titles on about 167,000 doctors and pharmacists of traditional medicine, and promoted more than 1,500 to chief doctors in their respective fields. More than 50 celebrated traditional doctors were elected delegates to the Sixth National People's Congress or members of the National Committee of the Chinese People's Political Consultative Conference. A larger number have been promoted to various leading posts.

Training Successors

For thousands of years doctors of traditional medicine have passed on their knowledge by tutoring private students. Of course, this slowed development. Although colleges of traditional medicine were set up after 1949, the number of students enrolled could not meet the needs of the country. In addition, the "cultural revolution" devastated the ranks of successors. This being the case, the biggest problem in traditional medicine has been a lack of successors.

To resolve this, the government

and departments concerned expanded the enrolment at colleges of traditional medicine. At present 25,000 students are studying, with 120 specialities admitting post-graduates and 12 specialities admitting PhD candidates. A special institute for acupuncture and moxibustion is under way, and all the colleges have specialities in pharmacology, acupuncture and moxibustion. Those with the necessary facilities also have specialities like ophthalmology, ENT, orthopaedics, traumatology, surgery, massage therapy and deep breathing.

In most of the hospitals and research institutes of traditional medicine training personnel goes along with learning from the experience of veteran practitioners. In the Beijing Hospital of Traditional Medicine, 90 young people with clinical experience and a knowledge of medical theory have been apprenticed to celebrated over 60-year-old doctors of traditional medicine since 1962. They followed these veterans through the out-patient clinics, consultations and lectures, and also helped to compile their clinical experiences.

Government health departments also encourage self-taught practitioners. Since 1978 nearly 10,000 practitioners and pharmacists scattered throughout collectively owned medical organizations or with their own clinics have been brought into state departments through examinations.

New Scientific Achievements

In the last few years many achievements have been made in scientific research on traditional medicine or in combining traditional and Western medicine.

Basing themselves on clinical observations and experimental study, scientists and medical personnel have made comprehensive

studies of the diagnostic theory and such basic theories as *yin* and *yang*, vital energy, the state of the blood, the state of internal organs (visceral manifestations indicating physiological functioning or pathological changes of the internal organs), and collateral channels. They have identified some objective indices to verify scientific theoretical frameworks.

On the basis of the applications of traditional herbs, China has manufactured a large group of effective natural medicines. *Guan Xin No. 2* is 90 percent effective for those suffering from angina pectoris, solution of root of red-rooted salvia (*Salvia miltiorrhiza*) complex is 82.8 percent effective and chest relief inhalers are 53 percent effective. Volatile oil extracted from *Vitex negundo var cannabifolia* and *Artemisia apiacea* are 80 percent effective for chronic bronchitis.

Using extracts from *Camptotheca acuminata*, wild lily and *Polyporus* to treat cancer can prolong the life-span of patients by five years, decrease the toxic effects of radiotherapy and chemotherapy, and enhance the body's resistance to other diseases.

The study of the pharmacodynamics and the pharmaceutical chemistry of medicinal herbs is important. The effects of extracts from *Artemisia apiacea* — a herb for resisting parasites — is better than chloroquine, the traditional treatment for various types of malaria. It opens a new path for malaria treatment.

Specialists in acupuncture and moxibustion have proved that the system of collateral channels is a functional system with a material basis. Acupuncture not only has anaesthetic properties, but can also cure cardiovascular diseases, and diseases of the digestive system and of other systems.

By the end of 1983 nearly 300

of these scientific results had been awarded by the state or the Ministry of Public Health and

over 1,000 of the results received awards from the provinces, municipalities and autonomous regions.

in his honour. The four-storey hospital, which stands just 2 km from Li's home village, has more than 150 staff members and 180 beds. Some 300 outpatients are handled daily.

Li Shizhen's Contribution Continues

TRADITIONAL Chinese medicine is more than 2,000 years old, yet many of the herbal cures seem to work better than anything modern medicine has discovered. Though Western medicine is common in China, traditional medicine still plays a major role and many hospitals are devoted to traditional cures and research into traditional medicine.

Qizhou (present-day Qichun County), a small town in south-eastern Hubei Province, is the hometown of the 16th century Chi-

nese medical expert Li Shizhen. After 30 years of untiring efforts, Li completed his *Compendium of Materia Medica* in 1578. Through his own medical practice and by compiling cures from the common people, Li's work provided descriptions of medicines and prescriptions.

Li Shizhen Hospital of Chinese Medicine

Li's key contribution to the development of Chinese medicine is recalled in the hospital named

In order to ensure proper diagnosis and treatment, the hospital has installed modern equipment such as an X-ray machine, an electrocardiogram and device for monitoring liver ailments.

A pharmaceutical factory in the back building of the hospital produces 40 kinds of prepared medicine and 20,000 bottles of medicinal liquor from Li's prescriptions to treat rheumatism and other ailments.

Yu Linsen, 51-year-old deputy director and physician-in-charge of Chinese medicine, has been work-

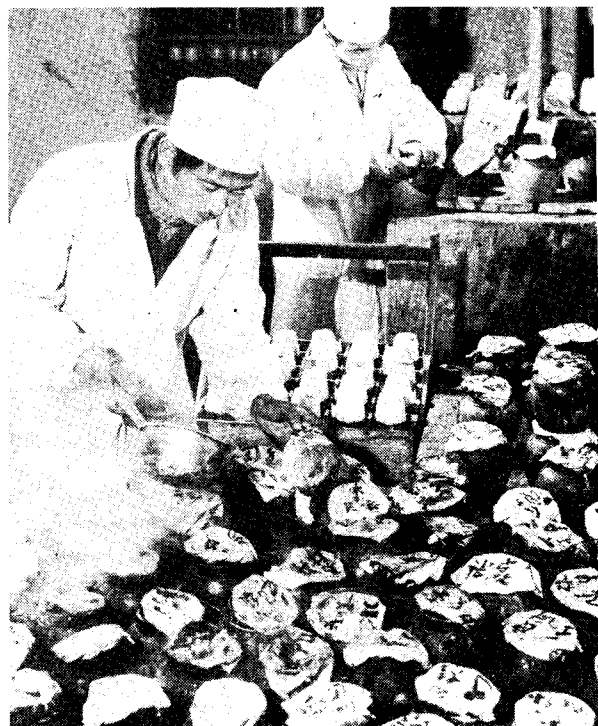


Workers at a medicinal herbs farm in Qichun County, Hubei Province, (left) process the root of the balloonflower (*Platycodon grandiflorum*).



Doctors at a Qichun County health centre (below left) give children a physical check-up.

The Li Shizhen Hospital of Traditional Chinese Medicine (below) uses Li's ancient method of concocting medicinal herbs for patients.



ing in the hospital for 40 years. Prior to liberation in 1949, the hospital, then run by the Roman Catholic Church, was so small it had only three doctors and six beds. Since liberation it has expanded to become a comprehensive hospital. It was officially named Li Shizhen Hospital in 1974, with its stated aim to develop traditional Chinese medicine.

A Village Doctor

Li Shizhen Hospital is one of the 69 medical units in the county. The more than 50 village health stations, all set up in the countryside, comprise the grass-roots medical establishment which directly serves the peasants. Of the 1,800 medical personnel in these units, there are about 600 doctors and pharmacists.

The Santu clinic has 12 medical personnel, of whom three are doctors, responsible for preventing and curing diseases for 10,000 villagers. Cheng Jiasheng, a 40-year-old village doctor with 20 years of experience, attends to some 10,000 patients a year, and he frequently makes house calls to take medical care to the patients late at night.

Cheng said he never studied in a medical school, but he has been approved by the health department to act as a doctor. His father was a village doctor of traditional Chinese medicine, and because of this he often read books on medicine since his childhood. From his early days he recalls going with his father to cure the sick. He gradually learnt medicine and was able to work independently. However, Cheng read more medical books than his father, and picked up knowledge of Western medicine as well. He is adept in the traditional techniques of internal medicine and also knows acupuncture and moxibustion. He has cured various

diseases including hepatitis, acute pneumonia, intestinal infections and cardiovascular disease.

Cheng's monthly wage is only 70 yuan, so he sometimes uses his spare time to do farm work, particularly during the busy season.

A Village of Medicinal Herbs

Li Shizhen's hometown is located on the northern bank of the Changjiang River. There are lakes to the south and hills to the north, providing favourable conditions for the growth of medicinal herbs.

Chinese mugwort (*Artemisia argyi*) is an indispensable medicinal herb for acupuncture and moxibustion, and the mugwort grown here has more curative power than that grown elsewhere. It is hung up in each house during the autumn. Local residents use it for curing colds, for headaches, for sore feet and to sterilize bath water for babies. In addition, self-heal (*Prunella vulgaris*) is also grown here and is used to reduce swelling and to stop bleeding. *Cordate houttuynia* and mother chrysanthemum are used to cure fevers and motherwort (*Leonurus heterophyllus*) is used to cure menstrual cramps. According to recent investigations, there are more than 600 kinds of medicinal herbs in this area. The

people living here are accustomed to picking, planting and using Chinese herbal medicine themselves.

Since the founding of New China, the health department has designated the area as a base for medicinal herbs. There are now 36 medicinal herb farms in the county, covering a total of 580 hectares. Besides planting the locally found herbs, the farms have also introduced several varieties from outside. For example, the tuber of elevated gastrodia (*Gastrodia elata*) and the rhizome of Chinese goldthread (*Coptis chinensis*) have been introduced from the mountain areas in the western part of the province. Pseudoginseng has come from Guangxi, honeysuckle (*Lonicera japonica*) from Shandong Province and ginseng from northeast China.

In addition to the medicinal herb farms, peasants also grow medicinal plants themselves. Li Jintang, 57, is a medicine-growing peasant with rich experience. He planted 120 cellars of elevated gastrodia and 200 pits of fuling (*Porio cocos*), earning an income of 3,000 yuan in one year.

An official of the county herbal medicine company said the county purchased 38,220 kg of medicinal herbs in 1983, of which 7,355 kg were grown by individuals. The local crop meets both the quantity and variety needs of the county.

Institute Heals, Teaches, Researches

THE No. 2 Clinical Research Institute of Traditional Chinese Medicine, which was set up in Beijing during the mid-1950s, is among the best known traditional medicine hospitals in China.

Vice-Director Wang Dai said the

hospital has three functions—treatment, teaching and research. In recent years, the hospital's staff has achieved good results in using traditional Chinese medicine to cure acute diseases, difficult and complicated illnesses and common maladies.

Curing Acute Illnesses

Doctors have used traditional Chinese medicine to cure acute illnesses throughout the centuries, but this has drawn countrywide attention only in recent years. Illnesses treated include high fever, coma, shock, acute abdominal diseases and wounds. Can these diseases be actually cured by traditional Chinese medicine?

Liu Zhiming, a 61-year-old veteran doctor of Chinese medicine said, "The doctors of Chinese medicine in the countryside treat acute diseases. I myself have cured some acute malignant ailments of the digestive system, etc. People who do not have an understanding of traditional Chinese medicine say that acute and severe diseases cannot be cured by it."

In the underground emergency ward, Shen Shaogong, deputy head and physician-in-charge, said that since this ward opened last September an average of 60 patients per day have come for treatment, and some 60 patients with high fever have been cured. Some suffered from pneumonia, severe colds or urinary tract infections, he said. After taking a dose of Chinese medicine, most of them had their fever break within 12 hours. Patients treated this way have a low relapse rate and do not suffer side-effects. Shen said the staff has rescued patients suffering from shock, food poisoning, myocardial infarctions or cerebral haemorrhaging. All recovered their health after a period of hospitalization.

Shen holds that the key to curing acute and serious diseases lies in blazing new trails in traditional Chinese medicine. He showed me some injections made from medicinal herbs that are frequently used for curing shock, softening blood vessels and stopping infections. Shen said that injections

work even better when used in combination with traditional medicines.

Glad Tidings for Haemorrhoids Patients

An injection manufactured by the anus and intestines section of the institute is a simple and effective cure for haemorrhoids. The 33-year-old doctor Li Guodong said that haemorrhoids frequently cause much pain to patients. But they can be cured with the injection.

One 60-year-old patient told me that he suffered haemorrhoids 10 years ago and still felt pain after having an operation. It was only after he received the injection that his pain disappeared.

Bonesetting with Cattlehide

In the orthopaedics clinic, I watched a doctor treat a patient who had suffered a fractured wrist. After locating the bone fracture through X-ray, he wrapped a cattlehide soaked in alcohol around the wounded wrist. He then wrapped the wrist with gauze to fix it in position. The patient could still move his fingers, allowing him the use of the hand during the healing process. The doctor said the patient will be cured in a month's time with the help of the cattlehide treatment.

Li Zumo, head of the orthopaedics section, told me there are many ways to cure bone fractures. He said doctors also use hardboard or small splints, depending on the position of the bone fracture. In order to maintain some movement in the limb, plaster casts are not used. According to the theory of Chinese medicine, the fracture can be healed faster if some slight movement is allowed.

Computers Make Inroads

Can traditional Chinese medicine accept modern scientific equipment? The answer is yes. Computers are already in use in the skin section of the hospital. Doctors there use computers to help them prescribe medicines, on the basis of their diagnosis. Zhu Renkang, a 76-year-old nationally famous doctor of Chinese medicine and dermatologist, talked about his ideas for using computers. He said, "Through practice, prescriptions offered by the computer are identical with mine. This shows that it works in the light of my thought."

The academy began in 1982 to programme Zhu's diagnostic experience into the computer. After 365 cases, the computer's cure rate stands at 97 percent.

Zhu said, "This gives me reason to believe it works. I am trying to pass on my curing experience to the computer, thus enabling all the patients to be treated by me."

In addition, the ophthalmology department of the hospital is refining the traditional Chinese medicine methods for removing cataracts with a needle. And the urological department uses a decoction of medicinal ingredients to remove small stones from the urinary tract. The hospital's successes are continuing to relieve pain and cure illnesses for a growing number of patients. □

Readers who are interested in traditional Chinese medicine can refer to "China's Acupuncture and Moxibustion" and "Effectiveness of a Traditional Therapy" in our issue No. 36, 1984.

Changes in Life Sparked by Reform

from "BEIJING RIBAO"
(Beijing Daily)

WHAT changes are the current vigorous reforms bringing about in the life-style of the Chinese people?

At a symposium on "Women and the Life-Style of Present-Day China" held last December, more than 60 experts in the fields of economics, sociology, philosophy, ethics and women's issues from all over the country listed the following changes:

— The traditional slow pace of living is speeding up and high efficiency and beneficial results are strived for.

— A dull and monotonous existence is being replaced by a richer and more colourful life. In pursuing individual differences, people now tend to vie with each other for more and better facilities.

— Old fixed ideas are giving way to new ones. In the past people felt quite comfortable with a decades-old life-style. Today, as information links every individual, every family, every region and the whole society, new fashions and experiences are introduced daily by modern communications media such as television.

— Meanwhile, ideas about consumption are also changing. In the past, people were encouraged to be frugal. "To wear a suit three years new, three years old and another three years patched," was the saying. Now most people agree with the idea of "becoming well off through hard work and being rational with consumption."

— Ideas about recreation are also changing. With the development of productive forces, people will have more and more spare time. The situation of being slack in work and listless in playing will give way to "work while you work, play while you play." People will no longer be satis-

fied with a dull leisure life after work. Instead, they will go out of their way to enjoy themselves: going on outings, dancing, attending concerts and having parties and get-togethers.

— With the socialization and modernization of household chores, women will show and bring into full play their wisdom and talent in numerous areas of social life.

University Students Have High Ideals

from "BEIJING WANBAO"
(Beijing Evening News)

A SURVEY shows that today's university students in China on the whole have high ideals and great aspirations.

Conducted by Xiao Qianying, a teacher at the Huanan Teachers University, and others last year, the survey involved 4,032 undergraduates majoring in different subjects. They were asked about their ideals about society, personal life and careers.

The survey indicated that 41 per-

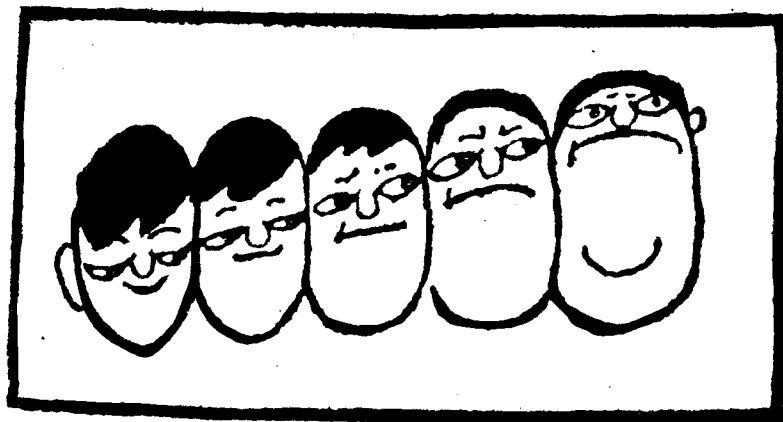
cent of the students have firm confidence in the realization of communism and 39.7 percent believe in the correctness of communist theory, but doubt its realization due to the existing general social mood.

As to social systems, 15.6 percent of the students think the socialist motherland is good; 66.9 percent said that the socialist system is clearly superior to capitalism although there is still much to be perfected; and 8 percent couldn't tell which is better.

As to their outlook on life, 68.3 percent of the students said to live

As his position rises....

from "Nanjing Ribao" (Nanjing Daily)



is to do good for both oneself and others; 16.8 percent hoped they can do something to make others live a better life; only 3.2 percent said they live only for themselves; and 5.7 percent wrote they haven't thought about this question.

On career questions, the survey concentrated on how the students understand the meaning of work and their attitude towards the relation between personal wishes and the needs of the country.

On the assignment of jobs, 15.2 percent of the students expressed their willingness to accept the state's assignment, to submit themselves to the needs of the country; 71.5 percent wished to have a job which meets both their own wishes and the needs of the country; 1.2 percent would be satisfied with any job, as long as they get one; and 8 percent hope to have a job which is both admirable and profitable.

Personnel System Needs Change

from "WEN HUI BAO"
(Wen Hui Daily)

AT present China's personnel structure is somewhat upside down. Because of the shortage of people with middle-level education, people with higher education have to do things which should be done by less educated people. Why is this so?

Xie Xide, a famous Chinese scientist, holds that in addition to improper assignments, a very important reason is that China has long neglected developing a rational personnel structure, causing an imbalance between highly educated people and those with a middle-level education. To really treasure qualified personnel, Xie said, large numbers of middle-level personnel must be trained, and a multiple-layer structure of personnel must be formed to replace the "inverted

triangle" situation in which universities far outnumber colleges and secondary technical schools.

To change this situation, Xie pointed out, the key lies with government efforts. People should be encouraged to run secondary technical schools and colleges. When giving professional titles to college teachers, their special conditions

must be taken into consideration. Professional titles should also be given to secondary technical school teachers. In addition, proper policies towards technicians, laboratory technicians and nurses should be carried out. Thus people will enjoy taking up auxiliary jobs and the imbalanced personnel structure will be completely changed.

Giant Pandas May Move East

from "DA ZI RAN"
(Nature)

CHINA'S giant pandas are facing a serious threat because of the withering of large areas of bamboo in regions of Sichuan, Gansu, Tibet and Shaanxi, the primary panda habitat.

Recently a panda rescue group at the Wuhan Plant Institute proposed moving some giant pandas into the Shennongjia Nature Reserve Area in the northwestern part of Hubei Province, thus opening a new habitat for them. The researchers gave the following reasons:

1. Judging from the historic distribution of giant pandas, this area served as a habitat for the

giant pandas from the middle and late period of the Pleistocene to the mid-16th century.

2. In light of the current natural distribution of giant pandas, this area has similar conditions in terms of latitude, altitude, types of vegetation and bamboo resources.

3. There is a reserve of about 700,000 tons of the bamboo varieties that the giant pandas now eat and the bamboo is concentrated in small areas.

4. There is enough water to meet the needs of the giant pandas.

5. There are not many natural enemies of the giant pandas such as panthers or jackals in the area. No black bear has been seen so far.

Where Did Chinese Culture Begin?

from "SHIQIAN YANJIU"
(Prehistoric Research)

WHERE did Chinese civilization begin? New discoveries suggest that there is more than one possible answer to this question.

Since 1949 when new China was founded, many archaeologists have leaned towards the Huanghe (Yellow) River valley as the cradle of Chinese civilization. But with the discovery and study of several Neolithic Age cultures in Qinglianggang in Jiangsu Province, in Dawenkou in Shandong Province and

in Majiabang in Zhejiang Province, people have begun to see many possibilities for the origin of Chinese civilization. Some people suggest that the Changjiang (Yangtze) River valley, which runs from west to east, and the Zhujiang (Pearl) River valley might also be the birthplace of China's ancient culture. We cannot simply attribute the origin of all Chinese culture to one or two places. It is more likely that during the whole prehistoric period, different cultures developed in many different places in China.

Kuwait Extends Loans to China

The Kuwait Fund for Arab Economic Development will extend low-interest loans totalling 9 million dinar (about US\$30 million) to China in accordance with an agreement signed January 5 by the governments of the two countries.

The loans, which were approved following a six-day visit to China by Kuwait Minister of Oil and Finance Ali Khalifa Al-Sabah, will finance the construction of the Shaxikou hydropower station in Fujian Province.

Between 1982 and 1984 Kuwait provided loans totalling 43.6 million dinar (about US\$150 million) to finance four projects in China. One such project, Xiamen Airport, was completed and put into service in October 1983. The airport has contributed greatly to the improvement of Xiamen's transport links with other parts of China and foreign countries. The Kuwait-financed Ningguo Cement Plant, a large operation with an annual output of 1.5 million tons of cement, and the Xinjiang Urumqi Chemical Fertilizer Plant, with an annual output of 520,000 tons of urea-based fertilizer, will be completed and put into operation in April and September of this year. The Hunan Artificial Board Plant, with an annual output of 50,000 cubic metres of plywood, 50,000 cubic metres of shaving board and 1.8 million square metres of laminated board, is now under construction.

During Khalifa's stay in China, the Chinese Ministry of Foreign Economic Relations and Trade and the Kuwaiti delegation held talks on investment. Both sides decided that in order to encourage Kuwaiti firms to invest in China, the Sino-Kuwaiti agreement on investment

protection will be negotiated and signed. The two parties also agreed to set up a Sino-Kuwaiti investment committee, which will study problems concerning investment. The Committee will play a positive role in promoting investment in China by Kuwait and other Gulf countries. The negotiators also discussed establishing a Sino-Kuwaiti financial service company and a joint engineering and construction company.

An agreement establishing the China-Arab Phosphate Fertilizer Production Co. Ltd. in Qinhuangdao was initialled January 5 by representatives of the China National Chemical Construction Corp., the Petrochemical Industry Co. of Kuwait and the Tunisian Phosphoric Acid and Fertilizer Co. The company will turn out 480,000 tons of phosphate fertilizer or 600,000 tons of compound fertilizer annually after its completion.

Kuwait Interested in China Investments. "Private financial groups in Kuwait are very much interested in investing in China," said Sun Fang, deputy director of the China Council for the Promotion of International Trade (CCPIT). Sun made his comments in an interview after visiting Bahrain, Kuwait, the United Arab Emirates and Oman.

CCPIT is a people-to-people organization set up by Chinese economic circles to promote China's economic relations with foreign countries. Last month Sun led a Chinese trade delegation to visit the four Gulf countries. During their stay in Kuwait, members of the delegation met with representatives of some large enterprises in Kuwait, including the Al-Rayes Group Co., the most influential in-

vestment group in the Middle East.

Al Sabah Al-Rayes, chairman of the board of the Al-Rayes Group Co., said Kuwaiti financial and industrial circles are very much interested in China's tourism, petroleum and natural gas and are willing to invest in China. He expressed the hope that the Chinese government would set up special organizations to handle private investments from abroad.

Sun noted that Kuwait is one of the richest countries in the world and the Kuwaiti government and Kuwaiti private organizations have abundant funds. Meanwhile, China is one of the largest potential investment markets in the world, and this is being recognized by more and more far-sighted people. Kuwait was the first among the Gulf countries to establish diplomatic relations with China. The good relations between the two countries have provided reliable guarantee for Kuwait's private financial groups investing in China.

Sun said that CCPIT is willing to make contributions to help develop economic and trade relations between China and Kuwait. He said CCPIT is studying the suggestion raised by the Gulf industrialists for holding investment talks. He also commented that the suggestion is very good and such business talks would give the industrialists and investors a chance to learn about China's laws on investment, the investment environment and potential co-operative projects.

* * *
CSCEC — China's Largest Construction Firm. Work on the pro-

ject (i. e. the Tifil Shinafiya project) — the building of four dams — on the Euphrates River in Iraq contracted by the China State Construction Engineering Corp. (CSCEC) has proceeded smoothly since construction began last April. The driving of piles, earthwork and the pouring of concrete are being carried out. Apart from the four dams, related projects, including road construction, dam protection, shiplocks and a power station, are also under construction.

The Iraqi project is a big project contracted by CSCEC since its founding in 1979. The Chinese firm won the bid after a year's hard work. The contract totals US\$175 million and the dams will be built over a three-year period.

The corporation's contracts totalled US\$800 million in 1984. The growth in the corporation is spelled out in the table depicting contract values from 1980 to 1984 (see below).

(Unit: US\$ 1 million)

Year	Value of contract	Volume of business
1980	55.5	18.9
1981	153	71.48
1982	130	125
1983	245.8	138.1
1984	820	200

CSCEC, the largest construction enterprise in China, has a capital of 1 billion yuan and a staff of 1.48 million engaged in prospecting, designing and construction. It has

contracted for 400 economic and technological co-operative projects in 50 countries. About 500 contracted projects and labour service contracts have been completed or are being implemented by the corporation. It has set up agencies in 16 countries and regions.

The business scope of the corporation includes: building factories, large halls, office buildings, housing, hotels, cinemas and theatres, hospitals, gymnasiums, stadiums, railway stations, airports, docks, power stations, high-tension transmission networks, highways, bridges, reservoirs and other water conservancy projects. It also offers technicians and a technical consultancy service as well as equipment and materials.

Xiao Tong: chairman of the board

Zhang Enshu: general manager
Address: Baiwanzhuang, Beijing, China

Telephones: 8992445, 8992448

Cable address: Beijing 2368, 2046

Telex: 22477 CSCEC CN

* * *

Sino-US Joint Venture To Build Coal Mine. Construction of the Jungar Coal Mine has been contracted to the China-America International Engineering Inc. (CAIEI). Design work on this Inner Mongolian project has already begun.

When it opens, the Jungar Coal

Mine will be one of China's five largest open-pit coal mines. The other four are the Shuoxian mine in Shanxi, the Yuanbaoshan mine in Liaoning, the Yiminhe mine in Heilongjiang and the Hulinhe mine in Jilin Province.

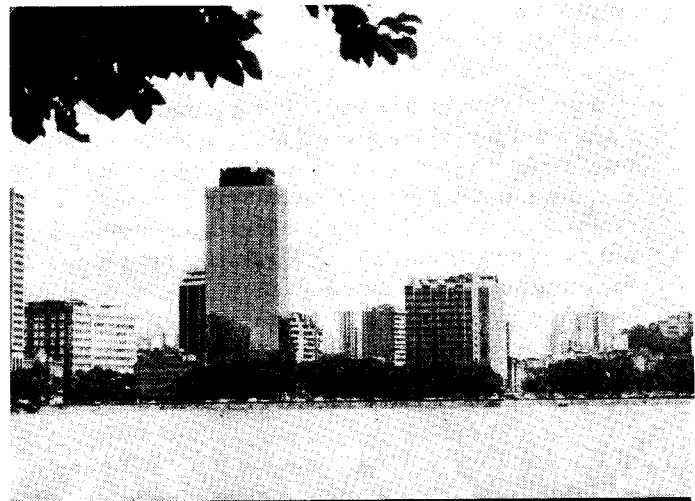
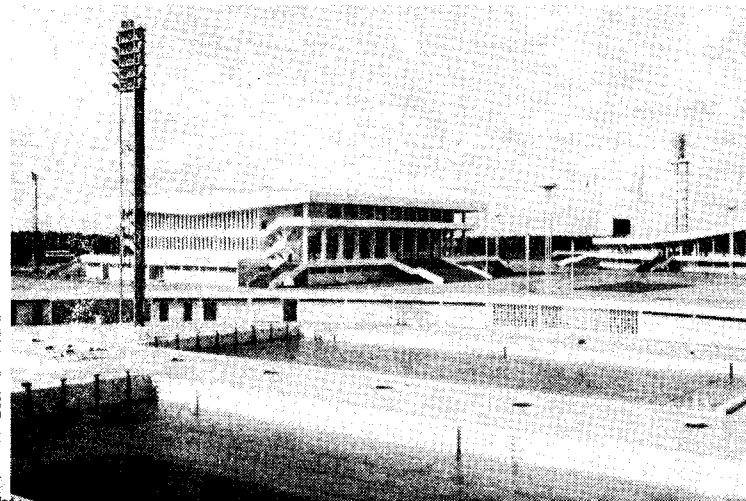
The Jungar project includes an open-cut mine and a coal washery with an annual production capacity of 35 million tons.

CAIEI was a joint venture with investment from the China National Coal Development Corp. (CNCDC) and the International Bechtel Inc. of the United States. The registered capital of the 15-year joint venture is US\$3 million, with each side providing 50 percent. The company is based in the Shenzhen Special Economic Zone and has offices in Beijing and Shanghai.

According to the contract signed by CNCDC and Bechtel on setting up the joint venture, CAIEI will offer a wide range of services, such as providing planning, designing, consulting, purchasing, training of personnel, undertaking projects, offering expertise in production and management and raising funds for heavy engineering projects.

The chairman of CAIEI is Gao Yangwen, minister of the coal industry. Professor Hua Luogeng, a noted mathematician, is the company's chief adviser.

Left: The sports centre in Benin constructed by CSCEC.
Right: The International Bank in Macao.



Beijing Collider to Boost Physics Research

A ground-breaking ceremony for China's first electron-positron collider, one of the state's key projects, was held recently in Beijing.

The 2×2.2 giga-electron-volt (billion electron volts) collider is being built at the high energy accelerator research centre of the High Energy Physics Institute of the Chinese Academy of Sciences in the western suburbs of Beijing. Its four major parts include a 200-metre linear accelerator capable of accelerating electrons and positrons; a 240 metre-perimeter storage ring; a detector for recording electron-positron collisions; and a synchrotron radiation laboratory. There will also be a computer centre.

The construction of the collider, due for completion in 1988, will help promote high energy physics research in China and develop applications for synchrotron radiation (radiation emitted by charged particles when they are accelerated).

The current trend in the world is to build accelerators with increasingly higher energy and more intense beams. China's construction of a collider will help scientists develop such advanced accelerators.

The collider is based on the principle that two beams travelling in opposite directions collide at certain points, resulting in high energy particle reactions. Scientists study these reactions to learn about the electron and positron particles.

High energy physics is the study of the most basic structure of matter, particles even smaller than

atoms and nuclei. The "tools" of this research are the electron, positron and proton. Having no accelerator of its own to generate these particles, currently China must carry out its research with cosmic rays — high energy particles from the universe. But this method has its limitations. The completion of the collider will radically change the situation and will provide Chinese scientists with a strong base for high energy physics research.

Synchrotron radiation refers to the light radiation given off by high-energy charged particles when they are accelerated in the synchrotron cyclotron. The synchrotron radiation generated in the collider under construction will be an ideal light source, far surpassing conventional light sources in intensity and energy range. It will help stimulate research and development in surface physics, atomic and molecular physics, solid physics, material sciences, biochemistry, biophysics, genetic engineering, catalytic chemistry, environmental science, medicine, microscopy and photo-engraving. The development of such technology will, in turn, promote the national economy.

The collider, though producing less powerful reactions than those already built or being built in some other countries, will be of great value when completed, because it is being built with the latest technology.

Scientists from more than 40 units and institutions will participate in the building of the project. Though some foreign experts will be called on for technical advice, the building of the

project will rely primarily on Chinese scientists and technology.

New Theory Helps Deal With Cancer

A new theory put forward by a Chinese organic chemist, Professor Dai Qianhuan, which explains how the carcinogenic compounds in our environment induce human cancer on a molecular level and predicts the probability that a compound will cause cancer according to its chemical structure, has caught the attention of cancer researchers all over the world.

For many years there have been hundreds of theories about what causes human cancer. Scientists have proposed that viruses, inheritance or environmental factors may be the inducing factor for human cancer. But epidemiological data and recent research in biology and chemistry indicate that chemical carcinogens and other chemical factors in our environment play the most important role in causing cancer.

In 1775 a British doctor discovered that most patients suffering from cancer of the scrotum were workers who cleaned chimneys. And with the development of the metallurgical industry during the second half of the 19th century, an extremely high incidence of cancer was found among workers who came in contact with coal tar. In 1933 scientists found through their experiments that a chemical compound, polycyclic aromatic hydrocarbons (PAH), extracted from coal tar, caused cancer.

PAH, formed during the process of burning coal, can be inhaled into the lungs and lead to lung cancer. As industry and homes burn more coal, PAH pollution expands rapidly and the number of people suffering from cancer, particularly from lung cancer, increases. For example, the incidence of lung cancer in Shanghai, China's largest industrial city, is 0.03 percent. In Beijing it is 0.015 percent. But in Beijing's Shijingshan area, where the Shoudu Iron and Steel Complex is located, the lung cancer rate is more than double, 0.033 percent.

So far, many scientists have pinpointed three sorts of cancer-causing agents in our environment. They are PAH, which is produced by the combustion of coal, petroleum or other organic substances; the carcinogenic mycotoxins of aflatoxin analogues, which are produced by mildewing food; and the nitrosamines, which are produced due to the relative higher content of nitrite in soil and water sources.

During the early 1950s two French quantum chemists, Bernard Pullman and his wife, Professor Alberte Pullman, put forward the K-region theory of carcinogenesis for PAH to explain how these chemicals cause cancer. In 1976-78, American biochemist D.M. Jerina proposed the Bay-region theory, which was based on experiments by biochemists.

Based on those two theories, Dai put forward his Di-region theory in 1979. Professor Dai deemed that the crucial step for carcinogenesis comes during the cross-linking between the two strands in the double helix of deoxyribonucleic acid (DNA). When the chemical carcinogen causes a disruption in the transfer of inheritance information between the DNA strands, the information is carried on in complementary mistakes. It is then possible that the disturbed DNA molecule will order the

ribonucleic acid (RNA) to produce the reverse transcriptase rather than the normal transcriptase. The reverse transcriptase may then be integrated with normal DNA molecules, thus causing the cell to mutate into a cancer cell.

When Dai applies his theory to predict whether PAH will cause cancer in a specific individual, the consistent ratio between calculation and experimental result is as high as 98 percent. The theory provides researchers with a new understanding of the way carcinogens disrupt cell growth and cause cancer.

After the publication of Dai's thesis, Bernard Pullman, the founder of the K-region theory, wrote to Dai saying that his theory "is very important." At the Eighth International PAH Conference held in Columbus, Ohio, in the United States, Dai was appointed chairman of the theory branch of the conference.

Dai, 55, who graduated from the chemistry department of Beijing University in 1952, is head of the teaching and research section of environmental organic chemistry at Beijing Polytechnic University.

According to his theory, Dai, together with his colleagues, developed more than 10 varieties of cisplatin analogues, which are used to stop the growth of tumours. Dai's new analogues are more than twice as effective as cisplatin. At present there are 500 varieties of analogues produced in the world. Of those 500, only five or six varieties have more force than cisplatin to battle the growth of cancer cells.

Dai's theory has aroused a very enthusiastic response from scientists abroad. Professor G.H. Schmid, a famous organic chemist at Toronto University, Canada, wrote to Dai, saying that the Di-theory is "a very significant con-

tribution to the structure-carcinogenic activity relationship of PAHs. The theory will be invaluable in recognizing carcinogenic PAH," he wrote.

Dai's Di-region theory will very likely have a great impact on the development of environmental science, medical science and molecular biology.

Largest Science Centre Under Way

Construction of the Beijing Science and Technology Centre, China's largest, will be completed in 1987.

The centre is being co-funded by the Chinese Scientific and Technical Association and the Beijing Municipal Scientific and Technical Association. It will be a base for research, training scientific workers, and carrying out academic exchanges between scientists in China and other countries.

The centre, which covers 1.9 hectares, is being built in the western suburbs of the capital. With a total investment of 46 million yuan, the complex will have a floor space of 52,000 square metres. The main building will be 25 storeys, 96 metres high, and will be flanked by two four-storey halls with restaurants and recreation areas. The main building will house two lecture halls, four tiered classrooms, 35 meeting rooms, three auditoriums, 185 guest rooms and a few snack bars.

The centre will be installed with computers and digital telephones, audio-visual aids and equipment for simultaneous interpretation.

Top 10 Sports Stories of the Year

The 10 top sports stories of 1984 chosen by *Renmin Ribao* (People's Daily) are:

1. China, competing in the 23rd Olympic Summer Games in Los Angeles after an absence of 32 years, captured 15 gold medals.

2. Chinese sharpshooter Xu Haifeng made history by winning China's first Olympic gold medal, which happened to be the first at the Los Angeles Games.

3. The Chinese women's volleyball team grabbed the gold medal at the Los Angeles Olympics after winning the 1981 World Cup and the 1982 World Championships.

4. The Central Committee of the Chinese Communist Party issued a circular on October 5 urging the whole Party and the whole country to pay closer attention to physical training and the nation's sports development.

5. The application by the Chinese Olympic Committee for hosting the 11th Asian Games in 1990 in Beijing was approved by the Olympic Council of Asia at its third general meeting September 28 in Seoul, South Korea.

6. China's premier high jumper, Zhu Jianhua, broke the world record for the third time with a 2.39-m leap.

7. Chinese walkers Yan Hong and Xu Yongjiu from the Liaoning provincial team improved the women's walk world records.

8. The Chinese national soccer team came in second in the 8th Asian Cup Football Tournament.

9. Chinese women badminton players captured the Uber Cup in their debut at the World Cup Women's Championships, while the men lost the Thomas Cup.

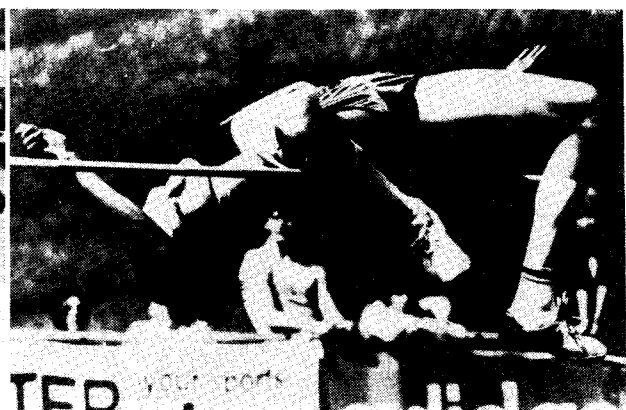
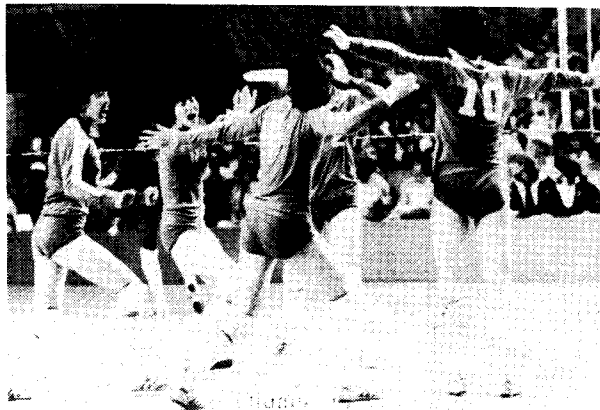
10. Weightlifters Chen Weiqiang from Guangdong Province and Cai Wenyi from Taiwan Province stood side by side on the winners' podium at the Los Angeles Games.

Premier Zhao Ziyang shakes hands with Xu Haifeng, China's first Olympic gold medallist.



Left: A moment for rejoicing: The Chinese women's volleyball team overwhelms the US team to win the Olympic gold medal.

Right: Zhu Jianhua clears 2.39 metres on June 10, 1984, to chalk up a new world man's high jump record.



More of Zhou Enlai's Works Published

The second of the two-volume *Selected Works of Zhou Enlai* (Chinese edition) went on sale last month in major Chinese cities.

Edited by the Editorial Committee on Party Literature of the Central Committee of the Chinese Communist Party and published by the People's Publishing House, the volume contains 56 speeches, articles and telegrams written by Zhou between 1949 and 1976. Of the 56 works, 35 had never been published. The 535-page volume records Zhou's thoughts on applying Marxism-Leninism to China's socialist revolution and construction.

Zhou, one of China's most esteemed leaders, was premier of the State Council from the founding of the People's Republic in 1949 until his death in 1976. He also held key positions on the National Committee of the Chinese People's Political Consultative Conference, the Chinese Communist Party Central Committee and the Military Commission of the Party Central Committee.

Zhou's views on economic con-

struction, intellectuals, culture, education, national defence, united front work, foreign affairs and the building of the Party are included in the volume.

Following are some of the main speeches and articles included in the new volume:

"The Present Financial and Economic Situation and Certain Economic Relations in New China" (December 1949) analyses the economic relations in the early days of liberation. These include relations between town and country, industry and commerce, domestic and foreign trade, the public and private sectors, labour and capital, and central and local governments. Zhou put forward the view that agriculture was the base while industry was the leader.

"Work Harder for the Grand Goal of Four Modernizations" (January 1975) is an excerpt from the "Government Work Report" delivered at the First Session of the Fourth National People's Congress. Zhou stressed that the de-

velopment of China's national economy would be in two steps: first, setting up a fairly complete and independent industrial and economic system within about 15 years, and secondly, modernizing agriculture, industry, national defence and science and technology by the end of this century.

"Speech at the Forum on the Work of Literature and on Producing Feature Films" (June 1961) emphasizes correction of "left" errors, the need to develop a democratic style in literature and art and to respect the laws of literature and art.

"The Five Principles of Peaceful Coexistence" (December 1953) is an excerpt from a conversation Zhou had with an Indian government delegation. This was the first time he put forward the Five Principles of Peaceful Coexistence.

"The Communist International and the Chinese Communist Party" (July 1960) is an important document on the international Communist movement and its relationship to the Chinese Communist Party.

"Several Telegrams on Protection of Cadres" (1966-74) show how Zhou worked to protect cadres, democratic public figures and scientists who were persecuted by the Lin Biao and Jiang Qing cliques. They reflect Zhou's thoughts, policy and the measures he took to protect them and also his feelings of sincere concern for his comrades.

The first volume of *Selected Works of Zhou Enlai* was issued in January 1981 and contains 60 of Zhou's major writings executed during the revolutionary period.



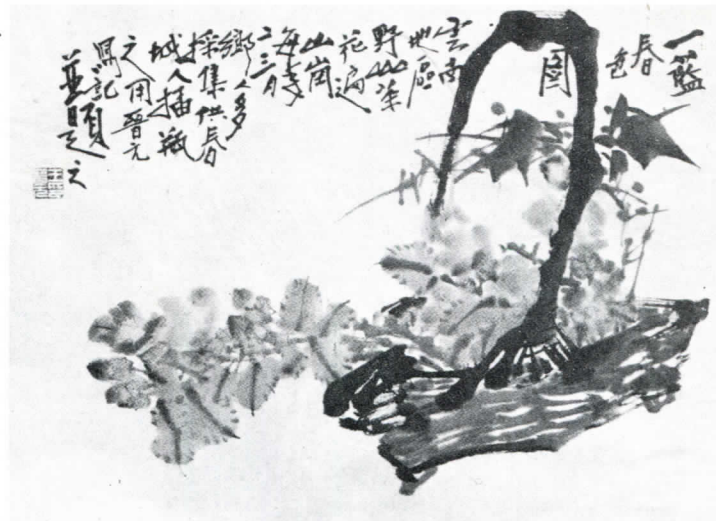
Wild Camellia.



Autumn Chrysanthemum.



Orchid.



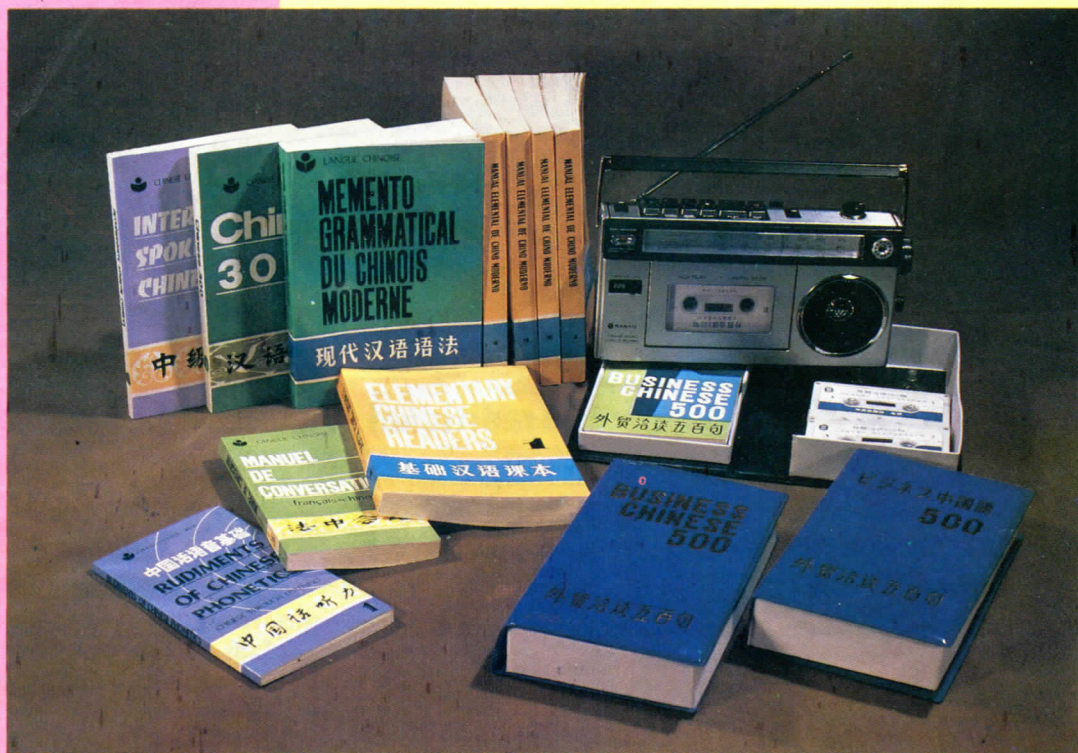
Traditional Chinese Paintings by Wang Jinyuan

Born in 1939 in Leting County, Hebei Province, Wang Jinyuan is now working in the Yunnan Association of Fine Arts. Using traditional painting techniques, his works show the natural beauty of flowers and birds in the tropical areas of Yunnan.



Lotus and Bird.

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