

BEIJING REVIEW

北京周报

A CHINESE WEEKLY OF
NEWS AND VIEWS

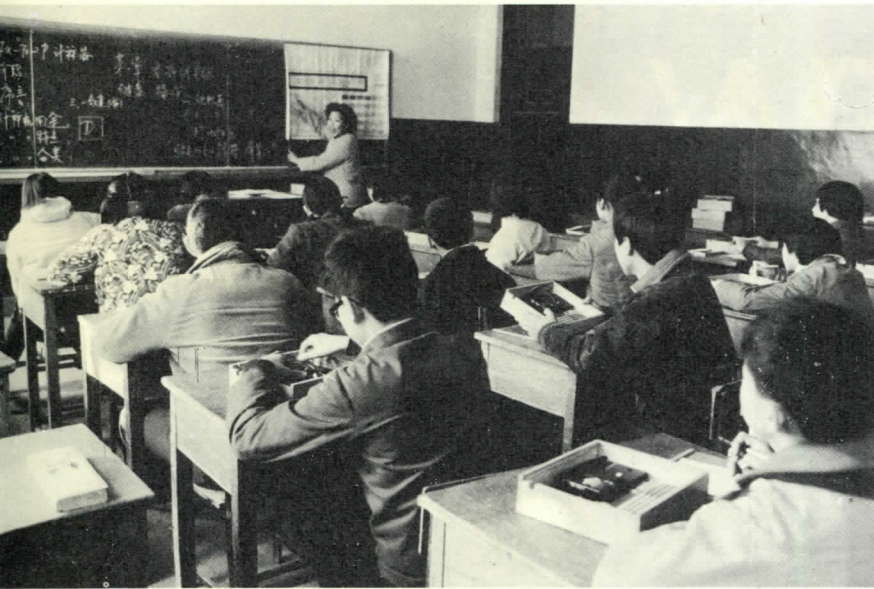
Deng Reiterates China Adheres to Socialism

Third World Transnationals on the Rise

*Education of
Retarded Children*



SPOTLIGHT



The teacher explains the structure of a computer and its uses to a class of 23 students, selected through a math exam.



The teacher explains how computer language is written on a tape.

Computer Classes for Middle School Students

At present many middle schools in China offer computer classes to train students for the modernization drive. The middle school affiliated to Qinghua University in Beijing has an experimental class. Students learn basic computer languages.

Students learn how to use a computer.



Students help one another in their studies.



BEIJING REVIEW

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CONTENTS

NOTES FROM THE EDITORS 4

Combine Research With Production

LETTERS 5

EVENTS & TRENDS 6-10

Scientific System Due for Reforms
China Mourns Chernenko's Death
Strong China Good for World Peace

Trade Delegations Reflect Interest
Lottery Craze Draws Criticism
Students Taking Part-Time Jobs

INTERNATIONAL 11-14

Africa: Working for an End to Famine

Pakistan: A Step Towards Democracy

Britain: Record Miners' Strike Ended

Uruguay: New Period of Democracy Opens

Deng Says China Sticks to Socialism 15

Third World Transnationals on the Rise 16

They Also Have the Opportunity 20

SPECIAL REPORT: 24-27

Handling Economic Disputes
How Disputes Are Settled
Four Economic Disputes

FROM THE CHINESE PRESS 28-29

BUSINESS & TRADE 30-31

CULTURE & SCIENCE 32

SPORTS 33

BOOKS 34

COVER: Wu Shuzhen, a teacher in the Yude Primary School, Beijing, helps mentally retarded children with their arithmetics.

Photo by Xu Xiangjun

HIGHLIGHTS OF THE WEEK

Deng Reaffirms China's Socialist Path

In a recent speech to a national science conference, Deng Xiaoping emphasized the need to educate people to foster high ideals and a sense of discipline. Despite the introduction of some private ownership, Deng reaffirmed that China today is building socialism with the ultimate goal of realizing communism (p. 15).

China's Science Institutes Need Shake-Up

During a recent national science conference, top Chinese leaders urged scientific research institutes to improve their management so as to contribute to the fast-moving economy (p. 6). Our cultural editor, in the column "Notes From the Editors," explains the relationship between scientific research and economic development (p. 4).

Third World Transnationals Multiply

The emergence and rapid development of transnational corporations owned and run by developing countries and regions over the past 10 years has attracted attention as an important new factor in the world economy. This article discusses how and why these transnationals came about and prospered and what roles they are playing in both the host and home countries (p. 16)

Giving Handicapped People a Better Chance

China's government and the society at large have been showing more and more concern for the education of blind, deaf and mentally retarded children. The handicapped, with the help of experienced teachers, are learning to read and write and to perform special skills with which they can make a living (p. 20).

Economic Disputes Handled by Law

With the implementation of the open policy, handling economic disputes has become more and more important in the building of China's legal system. How are these disputes handled? Our special report gives some examples (p. 24).

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Combine Research With Production

by **XIN XIANGRONG**
Cultural Editor

Scientific research should be integrated with economic construction and scientific and technological achievements should be promptly applied to economic construction and converted into new productive forces. This is an important science and technology policy in China.

The government pointed out a few years ago that scientific research should be geared towards economic construction. Under the guidance of this principle, some research results have been applied to production and have yielded remarkable economic returns. But most research achievements have not made their way into China's factories and fields. According to a 1984 survey of more than 3,500 scientific institutes throughout the country, less than 10 percent of the scientific achievements have been applied to production. At present, tapping the economic benefits from scientific research remains a problem to be resolved without delay.

China's leaders are stressing the gearing of scientific research to production because:

- China plans to quadruple its gross annual output value of industry and agriculture by the end of this century. This ambitious goal can only be achieved by applying new technology to all sectors of the national economy.

- Development of science and technology in China is uneven. The country has managed to attain a very high level in theoretical research and in some of the

most advanced branches of science. But it remains quite backward in production-related technologies.

- China has a limited number of scientific and technical personnel and insufficient funds for research. As a result of these limitations, the manpower, material and financial resources should be concentrated on tackling problems that require urgent solutions.

The irrational nature of the scientific and technological research system has resulted in the severance of research from economic development. Many projects undertaken by the research institutes, which employ most scientists and technicians, are not urgently needed by production. Even when achievements are made, they are not applied to production quickly. Meanwhile, factories and rural areas are in need of scientific and technical personnel and do not have the ability to carry out research without such help. This situation has seriously hampered economic development.

With the onset of the economic restructuring, the research system reform has also made some progress. The key to reform is to tackle two problems: To link scientific research with production and to give full play to the role of scientific and technical workers.

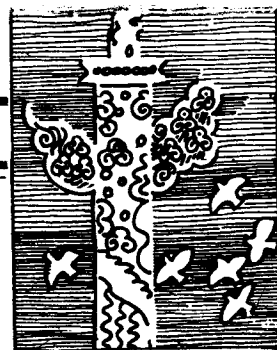
At present, 505 scientific research institutes in 26 provinces, municipalities and autonomous regions and in 23 ministries and commissions under the central government have been designated as the first group to implement reforms. In the past all these units received their funding from the state, but they are now economically indepen-

dent. They will sign contracts to do research for production units and they will contract the research work to their staff. They will supply the production units with research results in return for contract payments. The more results, the more payments. Some research institutes and production units have jointly formed economic entities. This will effectively link scientific research with production and greatly enhance the enthusiasm of the scientists and technicians.

For instance, 51 research institutes in Beijing have carried out the experimental reforms. In 1984 they undertook 61.7 percent more research projects than in 1982 and the number of projects which were applied to production increased 162.3 percent.

Last November a State Council leader pointed out that it is necessary to treat technology as a commodity and to open up the technology market. This is new to China, but it is already showing great vitality. The technology market will serve as a means of turning the research achievements into productive forces.

No doubt, the push to make research applicable to production will give a boost to the study of the applied sciences and new technologies. Of course, this does not mean that China ignores the study of basic science. Last year China broke ground on construction of an electron-positron collider laboratory and a synchronous radiation laboratory. Both expensive projects will boost the study of basic science. This proves that China will not slacken its efforts in basic research.



New Reader's View

I am a new reader of *Beijing Review*. I am always willing to get all kinds of information, such as politics or culture.

Previously, I had no opportunity to read your magazine. Even so, your readers' views in the letters column make it clear there is a great difference between the past and present.

The attractive colour cover is just one example of these changes. Since achievements and progress are talked about in your articles, it is meaningful to carry photos of those who have made this progress, isn't it? I mean you should publish photos of China's heroes in all fields, such as in the fields of politics, education and sports.

There are many reports about international affairs in your magazine. I especially appreciate the articles dealing with world peace.

I am also interested in humorous pictures. Therefore, it would be better if you published all the photos on the "Art Page" in colour. In this way, people can better understand and appreciate the Chinese people.

Kamel Bouzoual
Batna, Algeria

Scenic Photos

The colour cover shows the style and features of China's industry, agriculture and culture.

It is natural that you publish some advertisements on the back cover. But is it possible to alternate placing advertisements and famous scenic photos on the back cover?

There were two or three issues in which you published colour photos on glossy paper in the centre-

fold pages. This is a very good method that your readers suggested. I hope you continue to do so.

M. Maurice Jaillet
Louhans, France

Colour photos, like the one on the cover, are not only pleasing to look at but also give a further understanding of the main idea of each issue. They leave a deep impression, and can be remembered after many days.

Hiroshi Sakaguchi
Tokyo, Japan

Lack of African Photos

The reports in your magazine are relatively comprehensive. Although there are beautiful photos on your covers, there are few photos of Africa. In issue No. 23, 1984, you reported on African affairs and international politics, which was very interesting.

The layout of your magazine is very nice and your writing is easy to read. *Beijing Review* can serve as a messenger from the People's Republic of China to the world.

You failed to indicate the subscription price for Africa in your magazine. That's why I delayed my subscription.

Viang Mimbang
Ayos, Cameroon

Too Much Politics

I enjoy reading reports on Latin America. I am very happy to know that the Chinese people are very concerned about Latin American affairs.

I think there are too many articles on politics in your magazine. You forget to carry more about Chinese music and customs.

I suggest that articles on tourism, culture and various cities be carried on specific pages.

M. Luis Gavalda
Buenos Aires, Argentina

Philosophy of History

I hope you write about the following subjects: China's philosophy and history; the calendar and holidays; an introduction to the country fair; a list of scenic spots for tourists, especially how to go and what to visit; and how to arrange the accommodations in China.

M. Monus Serge
France

I enjoyed reading the article on the prohibition of nuclear tests written by Mu Youlin, the international editor (published in 1984).

I hope to see more about Chinese history, geography, culture and sports.

Marcelo F. Fosco
Saladillo, Argentina

Publish Notables' Stories

There are many articles about famous people published in Japan. I am very interested in those articles, because they show the excellent characters of these notables.

I suggest that you publish the life stories of the late great leader Chairman Mao Zedong, Premier Zhou Enlai and other revolutionary heroes. I think your readers will be interested in their life experiences, especially in their teen years.

Toshió Sato
Yamagata, Japan

Scientific System Due for Reforms

China's top leaders urged researchers attending a one-week national science conference earlier this month to make sure their findings help boost economic growth.

In an address to the closing ceremony on March 7, Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, said reforms are urgently needed to help link scientific research with economic development. The current reforms in China's economic system will promote the advancement of science and technology, and the forthcoming reforms in scientific research should, in turn, promote economic growth.

In the past, however, the research system has remained at arm's length from economic development. Most of China's research institutes have been completely funded by the state, and researchers did whatever they were told by their higher authorities, who paid little attention to the research needs of the real world. Research recipients, in turn, got their research findings free, but they were often not applicable to the problems at hand.

The forthcoming reform aims at changing the research funding system, granting more decision-making power to institutes and forging a closer relationship between research institutes and research recipients. This will be accomplished by adopting a contract system. Factories and companies in need of technological help will contract their orders to institutes, which will bill the recipients for the findings.

Over the past two years, more than 505 institutes, or 6 percent of the nation's total, have tried out the contract system. Those insti-

tutes have already generated increased research findings, boosted profits and reduced their dependence on state funding.

The more than 300 technology marketing centres in Shanghai, for example, have been kept busy matching up institutes and producers in need of research.

State Councilor Fang Yi, who presided over the conference, said that reform is of great importance to the development of science and technology since it involves 6 million scientists and technicians and

more than 9,000 institutes across the country.

Deng said in his speech, "The most important problem in the reforms of either the research management system or the economic system is that of talented people." China should conscientiously and in a down-to-earth way help intellectuals improve their living and working conditions and, through the reforms, create an atmosphere for intellectuals to make use of their skills, said Deng.

At a similar science conference

China Mourns Chernenko's Death

Chinese President Li Xiannian and Chairman Peng Zhen of the Standing Committee of the National People's Congress on March 12 dispatched a message of condolence to the Presidium of the Supreme Soviet on the passing away of Soviet leader Konstantin Chernenko.

The message said that during his tenure of office as the supreme leader of the Soviet Party and the state, "President Chernenko worked effectively in many fields in the interest of the Soviet state and the people."

The message recalled that "President Chernenko had expressed more than once the hope for the development of relations with China. In the past year or more, Sino-Soviet relations in many fields have improved thanks to the efforts made by both sides. The Chinese government sincerely hopes that the relations between the two countries will develop further."

Peng went to the Soviet Embassy in Beijing March 12 to express his sorrow over Chernenko's death which, he noted, was a great loss for the Soviet people.

During his visit he offered his congratulations to the Soviet ambassador on Mikhail Gorbachev's election as general secretary of the Soviet Party. Peng said, "We have noticed that Gorbachev said there will be significant improvement of Sino-Soviet relations during his speech to the plenum of the Central Committee of the Communist Party of the Soviet Union."

"We have similar wishes," said Peng. "The Chinese government will do its best to work for continued development of the two countries' relations in various fields."

Vice-Premier Li Peng, at the head of the Chinese delegation, travelled to Moscow to attend Chernenko's funeral March 13.

held seven years ago, Deng noted that science and technology are productive forces and called intellectuals in China a "part of the working class," a remark which helped end attacks on intellectuals. Intellectuals had been previously labelled the "stinking ninth" during the 1966-76 "cultural revolution."

The future for China's intellectuals is now much brighter. They participate in policy-making decisions concerned with both economic and social development. Their political and social status is much higher than in the past.

Party General Secretary Hu Yaobang reiterated Deng's call for removing factors that hinder the advance of science and technology. By doing so, he said, millions of scientists and technicians can use their professional skills to aid the modernization programme.

During the conference more than 400 participants discussed the commercialization of research findings, the running of technology trade fairs and the allocation of state research funds.

Strong China Good For World Peace

The world is threatened by war as the superpowers continue to intensify the arms race on earth and in outer space. Nevertheless, Chinese leader Deng Xiaoping feels the forces for peace are making heartening progress.

"The growing strength of the third world, and China in particular, is an important factor for world peace and stability," said Deng during a March 4 meeting with a delegation from the Japan Chamber of Commerce and Industry led by Chairman Norobu Gotoh.

China stands for peace, but Deng said China's ability to check war is still too small and needs strengthening.

"By the end of the century, when China has quadrupled its 1980 total value of industrial and agricultural production, China will play a bigger role in preserving world peace and stability," said the chairman of the Party Central Advisory Commission.

Deng went on to say that the strengthening of China is therefore in the interest of peace and stability in the Asia-Pacific region and throughout the world.

Turning to the economic aspects of the issue, Deng said that it will be difficult for the developed nations, with their combined population of 1 billion, to build their progress on the basis of poverty in the developing world, which has a total population of 3 billion.

Unless the third world countries resolve their economic woes, the developed countries will face serious obstacles in making further advances, he added.

Noting the fact that China did only US\$50 billion worth of foreign trade in 1984, Deng said the figure could be doubled or even quadrupled with little expansion in the economy.

An expansion of China's exports could indeed give rise to competition, but Deng said the developed countries don't have to worry about this. "They have advanced

technology and are able to turn out high-grade products," he explained.

Deng concluded his talk by saying, "If the South does not develop economically, the North will make very limited progress, if any. If the South remains poor, there will be no way out for the North."

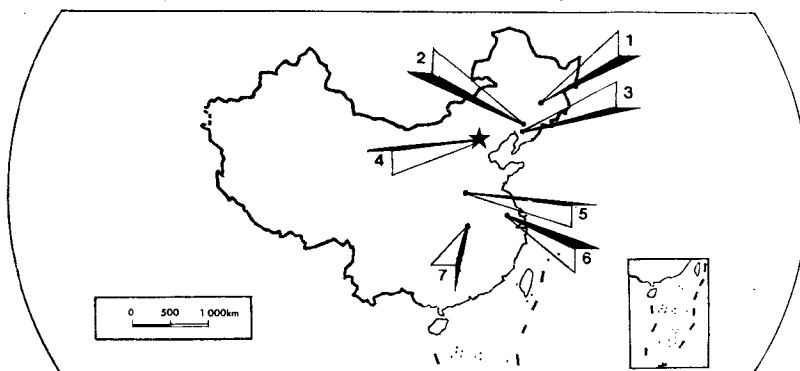
Trade Delegations Reflect Interest

Recent visits to Beijing by both British and Japanese trade delegations bode well for increased trade relations. China hopes to attract more investment and advanced technology from the two countries to boost its modernization drive. And the British and Japanese traders are eager to market their products to China.

The British delegation was composed of several corporate representatives and six government officials, including delegation chief Lord David Young. It visited China February 28-March 12. The Japanese delegation, which visited March 1-9, was led by Norobu Gotoh, chairman of the Japan Chamber of Commerce and Industry.



Places in This Issue



- (1) Jilin (p. 10)
- (2) Shenyang (p. 10)
- (3) Anshan (p. 10)
- (4) Beijing (p. 7)
- (5) Zhengzhou (p. 10)
- (6) Nanjing (p. 21)
- (7) Wuhan (p. 8)

News in Brief

China has decided to cut government administrative expenditures by 10 percent this year, according to a recently released State Council circular.

The circular noted that a rapid increase in government spending at all levels over the past few years has added to the state's financial burden and resulted in extravagance and waste.

More than 47,000 army officers are expected to retire this year, and 33,000 more will step down in the next few years. The retirement will reduce the size of China's army brass and make way for younger officers.

Most of the retiring officers joined the service during the War of Resistance Against Japan (1937-45) and the Third Revolutionary Civil War period (1946-49).

Fast-food factories, which will be able to serve a combined total of 1.5 million meals a day, are to be built across China by the end of the year.

One producing 400,000 meals a day is planned for Beijing. The others, turning out 100,000 meals each, will open in Dalian, Wuhan, Hangzhou, Guilin, Xian, Guangzhou, Jiangmen, Maanshan and Datong.

The meals, mostly Chinese-style with rice and vegetables, will cost between 0.50 yuan and 1.50 yuan each, and will contain between 2,400 and 3,200 calories.

During their stay in Beijing, both delegations were met by top Chinese leaders. The high-level nature of the trade delegations reflected the growing interest among international business circles in the vast Chinese market.

Britain-China Trade in New Stage.

The visit by the British delegation was the fruit of Prime Minister Margaret Thatcher's talks with Premier Zhao Ziyang during her visit to China last December. It symbolizes the two countries' strong desire for better trade relations.

Trade between New China and Britain first began in the early 1950s.

It grew at a record pace in 1984, as the volume jumped to 593 million pounds sterling, up 50 percent over 1983. Today, hundreds of British corporations and enterprises have trade and economic ties with Chinese counterparts.

During the delegation's recent visit, Britain agreed a seven-year contract to sell China the know-how for designing, manufacturing, assembling and marketing RD030 and RD025 dump trucks that are used in the mining industry. Signed at the same time were a protocol agreement on cooperation in manufacturing aircraft engines and a memorandum of understanding on collaboration in the telecommunications industry.

Meeting with the delegation on March 4, Zhao said, "China and Britain should now strive to dramatically increase economic and trade relations following the satisfactory settlement of the Hongkong question through joint efforts."

The premier then told Young that, frankly, China needs technology while Britain needs a market for its products. According to official British statistics, Britain's trade balance worsened during 1984, increasing its deficit almost four fold over the 1983 figures. Faced with such a situation,

China's market of more than 1 billion people is "obviously attractive."

Beijing economists believe there is great trade potential for the two countries to tap in the future. But much work remains before Britain can match the trade level of Japan and the United States.

Japan Aims at Renovation Programme. Japan has been a major trade partner of China's for years. Trade between the two countries reached US\$12.37 billion in 1984, about one-fourth of China's total trade volume for the year. But China's US\$1.73 billion trade deficit with Japan was a principal reason for the total trade imbalance of US\$1.1 billion.

As China and Japan have maintained a good relationship, it is widely believed that bilateral trade will grow even more. The recent trade delegation visit fueled such speculation, because the group included nearly 100 representatives of medium-sized and small enterprises as well as the corporate giants.

The presence of so many small business representatives in the delegation indicates that they may be turning to China to stay alive. In 1984, caught between cut-throat competition and the pressure of new technology, more than 28,000 medium-sized and small enterprises went bankrupt. The number of such business failures this year is estimated to exceed 20,000. Figuring that China will concentrate on revamping its smaller factories this year, the Japanese businesses hope to win more contracts from their Chinese counterparts.

China's trade representatives are besieged with offers, so they can concentrate on attracting companies that will provide advanced equipment and technology.

Just as a British delegation member said, "From the information given to us, China has

a very strong financial base from which to carry out the expansion and development of its industry."

However, he said, it is clear that contracts will not be signed unless China is offered the most up-to-date technology, competitive prices and attractive financial terms.

Lottery Craze Draws Criticism

Lotteries, which in recent months had gained popularity throughout China, came under fire in a State Council circular released in early March.

The State Council imposed an immediate ban on lotteries run by commercial and industrial enterprises. The circular also barred individuals and organizations from using lotteries to raise money for public use. Only a few exceptions to the ban were made. Penalties for running illegal lotteries will include confiscation of the earnings, fines and disciplinary action.

Lotteries have been held by a large number of commercial and industrial enterprises and administrative bodies recently, and the practice is a "new unhealthy trend," the circular said.

The drawings attracted hopeful players with an array of consumer goods such as colour TVs and motorcycles.

Some shops have used them to boost sales of shoddy and overstocked goods, or to deceive consumers through price rises hidden in the cost of the lottery tickets.

Some businesses have encouraged gambling with expensive prizes and provided opportunities for people to seek exorbitant profits.

The practice is harming the public interest, corroding people's minds and producing very harmful effects, the circular said.

Money already collected in con-



First Woman Test Pilot

Zhang Yumei, an army pilot, became China's first female test pilot. One of the third group of women pilots China has trained since its founding in 1949, Zhang is an all-weather pilot with 18 years of experience and more than 2,700 hours of flying time to her credit.

tests will be used under the supervision of local governments, it added.

Art, literary and sports organizations were also forbidden to hold lotteries without the approval of higher authorities.

Local governments will be permitted to approve drawings as experiments to raise money for social welfare causes, but these experiments must not be allowed to spread, the circular said. Banks which have sponsored saving deposits with lotteries can continue, but the practice must not be expanded.

Before the circular was announced, lotteries had been criticized by *Renmin Ribao* (People's Daily), the nation's most influential daily, and other newspapers.

Renmin Ribao said in a front-page commentary on March 1 that lotteries like the one televised on the eve of Lunar New Year (February 20) were disgusting and

reminded people of "the days of pre-liberation Shanghai."

Lotteries in Shanghai at that time were merely a form of gambling, repellent to honest people, the newspaper said.

China's Central Television Station (CCTV) made an open self-criticism to the nation on March 1 for presenting a Lunar New Year's Eve lottery programme packed with "cheap fanfare."

A CCTV announcer apologized on behalf of his station over the nationwide evening news broadcast to 200 million TV viewers across the country. He said the station accepted the criticism from *Renmin Ribao*, other newspapers and thousands of viewers who sent written protests to the station, and promised to learn a lesson from what had happened.

The CCTV lottery attracted some 30 million participants paying 1 yuan per ticket with its promise of prizes ranging from

colour TV sets to gold and silver commemorative medals.

Students Taking Part-Time Jobs

The 22 lavatories in the Northeast Electric Power College in Jilin City were always dirty and stank, and the college's three lecture halls were dotted with spittle. The sanitation workers, as soon as they made a quick cleaning, locked the halls for their own convenience after classes ended at noon, so the halls were underutilized.

But things have changed. Though six janitors have been dismissed, the three lecture halls are open 17 hours a day and they are kept clean. And the lavatories are no longer a mess.

What made the difference? The students themselves have replaced hired janitors as part of a part-time job programme. And while they earn some extra money, they are also learning firsthand the value of labour.

More and more Chinese college students are taking part-time jobs in universities and factories, on farms and in private homes as tutors. Until a few years ago, this was rare. But the trend is not without historical precedent. Actually, it is a tradition among Chinese students, one which dates back to the May Fourth Movement in 1919. Many Chinese leaders, including former Premier Zhou Enlai and Chairman Deng Xiaoping, took part-time jobs as students. It is, of course, very common in many parts of the world. However, since liberation in 1949, China's college students have gone without jobs because the government and their parents paid all the expenses. They have, in fact, had an "iron rice bowl" during their college studies.

So, when the tradition was re-

vived last summer, it was regarded as a basic reform of China's educational system. "This is an ideological change," noted Li Cun, vice-chairman of the National College Ideological Education Research Society. By participating in part-time jobs, students have changed the concept of dividing labour into different estates and looking down on physical labour. Moreover, they have become more independent economically."

Cai Peigeng, a third-year student at the Northeast China College of Engineering, improved the quality of a steel plate for a subsidiary of the Anshan Iron and Steel Co. His breakthrough earned the company 420,000 yuan (US\$150,000) in profits last year.

A survey of 20 colleges in the Liaoning provincial capital of Shenyang revealed that student part-time workers had performed 151 technical service projects in factories, opened 226 workers' training courses and compiled or translated 51 books since last July.

Students are also encouraged to work for peasant households in specialized production or as private tutors. As more and more families earn higher incomes, they can afford tutors for their children.

According to the Private Tutor Service Centre of Zhengzhou University in Henan Province, more than 200 students have been placed in jobs since it was set up last October. The centre has recently received requests from more than 2,000 families for tutoring, said a student at the centre. And more than 800 students have already agreed to take jobs.

Liu Guirong, a worker at the Zhengzhou No. 5 Cotton Mill, used to worry about her son, who could barely pass his mathematics exams. To help her son, she hired a tutor from Zhengzhou University. About a month later, the boy won second place in a mathematics contest in his class.

Around the Globe

President Li Visits Burma

President Li Xiannian paid a five-day state visit to Burma March 4-9. Li is the first Chinese head of state to visit Burma since the late Chinese President Liu Shaoqi travelled there in 1966. Li followed up his Burma visit with a trip to Thailand beginning March 11. Li's visit, which he said was focussed on friendship, coincided with celebrations marking the 35th anniversary of the establishment of Sino-Burmese diplomatic ties and the 10th anniversary of the Sino-Thai diplomatic relationship.

Vietnamese Aggression Condemned by China

China on March 6 condemned Vietnamese "acts of aggression" along the Thai-Kampuchean border. The Vietnamese troops were also criticized for intruding across Thailand's border.

China, EEC Train Business Managers

The China Enterprise Management Association under the State Economic Commission and the European Foundation for Management Development under the European Economic Community (EEC) are co-sponsoring a management programme for 35 computer specialists. The programme is the first to combine modern European management theory with Chinese business practice. In addition to the project, the State Economic Commission and the EEC have agreed to run another business management course before 1989. After that, the programme will be run on a non-governmental basis.

Africa

Working for an End to Famine

African countries and the entire international community are pooling their efforts to develop African agriculture so as to put an end to famine.

by **YI MING**

"Beijing Review" News Analyst

A MIDST the dreadful scenes of starvation in famine-plagued Africa, there have been a few rays of hope. In a change from the past, the African countries seem to be pooling their resources in an effort to make sure the disaster can be prevented in the future. Several recent meetings have focussed on the steps they can take to put an end to the suffering.

In early March, foreign ministers of the Organization of African Unity (OAU) concluded a nine-day meeting in Addis Ababa, Ethiopia, and drafted a detailed economic proposal for a special summit next July 18-21. The upcoming summit will mark the first time since 1980 the OAU has devoted a head-of-state meeting to economic matters. Five years ago leaders of the African countries met in Lagos, Nigeria, to draw up the Lagos Plan of Action, in which an African common market was envisaged to promote self-sufficiency in grain production by the year of 2000.

Another meeting on strategies for dealing with Africa's food crisis was opened in February in Abidjan, the capital of the Ivory Coast. Attended by 20 countries, and a number of aid agencies, the meeting called on the international community to help Africans produce the grains they need. Meeting participants stressed a

need for the kind of foreign aid that boosts self-sufficiency and finally eliminates the need for outside food assistance.

Another six-nation meeting held in early February in Djibouti was aimed at combating drought and sand migration. Hassan Gouled Aptidon, president of the Republic of Djibouti, emphasized in his opening speech that fatalist attitudes must be dispelled. He proposed that African countries carry out wide-ranging research on drought and act in concert rather than each country adopting its own makeshift policy. He said that famine relief aid from foreign countries is only a stopgap measure, not a solution to the problem.

At present, of the 150 million people living in the drought-stricken African countries, 30 million have been directly affected by the drought and at least 10 million have been forced to abandon their homes in search of food and water. The crisis shows no signs of abating in the near future. According to forecasts made by African specialists, drought may continue for another decade in some parts of the continent. In fact, the Sahel region along the southern fringe of Sahara Desert has already suffered more than 10 years of drought.

Africa's recurring drought is directly related to the reduction of timberland and the expansion of the desert. The growing desert is a serious problem in this region,

as the sand pushes forward at a rate of several kilometres a year. But this is not a purely natural phenomenon. Overgrazing along the border of the desert has aggravated the problem. And the population boom has a direct bearing on both the overgrazing and the destruction of forests. Africa is the only continent in the world where grain output is growing slower than the population.

A campaign to create an awareness among African leaders of the relationship between population and development has been proposed by a steering committee of African parliamentarians. The group hopes to work out a united strategy to tackle population and development issues on the continent.

In an effort to combat the drought and control the sand, some African countries have implemented plans of their own. Steps taken include building terraced fields, planting trees in belts to serve as windbreaks and adopting other measures to stop soil erosion. The trick now is to implement these measures throughout the whole affected area so as to reap the greatest benefit.

Many countries, institutions and individuals around the world are now pitching in to aid African famine victims. They not only hope to help Africans combat the current disaster, but also want to support efforts to guard against famine in the future. With the means available to modern society, most people believe that the existence of starvation is an intolerable situation. Some of those working in aid programmes have criticized previous Western aid programmes for yielding no marked results. In the past, many times only a tiny bit of the aid

made it into the hands of real farmers and herdsmen. Some programmes were designed only to promote the sale of obsolete equipment. And others concentrated on peddling murderous weapons. Some observers feel the Western countries more often than not preferred to build huge technologically complex projects which attracted the tourist's eye but had a limited effect on developing the needy country.

Grain aid provided by Western countries, on one hand, made up for the grain shortfall, but, on the other hand, caused new problems. Grain imports were usually directed to the cities and towns. And, as the foreign grain became a primary food source, diet habits have changed. Urban people began to favour rice and wheat over traditional cassava and broomcorn. But local farmers do not produce rice or wheat, so they found urban consumers turning away from their products even when they had good harvests.

In addition, the African farmers face direct competition from the world grain growers who have the benefit of advanced technology. As a result, the rural economy became more and more sluggish, and peasants were attracted to cities in larger numbers to await foreign grain shipments.

Some specialists, therefore, argue that foreign grain should be provided only when it is in great need, as is the case today in Ethiopia and the other famine-stricken countries. Long-term development should be the aid objective.

Grain production in Africa has grown little over the last 15 years. Many factors have contributed to the stagnation. The most fundamental problem is the neglect of agriculture by some African governments, despite frequent pronouncements to the contrary. Agricultural investment in many African countries falls below 10 percent of the global average. And

food subsidy policies adopted by many African countries harm the farmers, although there are reasons for such subsidies. When farmers cannot make a profit, they have little incentive to produce more than enough to meet their own needs.

The current situation must be altered if hunger and famine are to be prevented in the future. Just as the United Nations Economic Commission for Africa puts it, a price system that benefits the

farmers must first be established.

However, as the suffering of the African people is now very serious and the situation desperate, emergency food aid for the victims is a task of top priority at the moment. It is imperative that the people of the world make sure food supplies reach hungry mouths. Still, at the same time, they must pay attention to medium- and long-term development plans, which can bring famine under control and finally solve the problem.

Pakistan

A Step Towards Democracy

National and provincial elections were held last month, a major step towards transferring power to the people and bringing progress to Pakistan.

by **SHI ZONGXING**

PAKISTAN last month held its first national and provincial assembly elections since General Zia ul Haq came to power in 1977 and imposed martial law. What's more, the national election commission has decided that elections for senators and women representatives will also be held in mid-March.

The February balloting was considered by many a success. And observers see the elections as an important step in transferring power from the military government to the people.

The general elections were preceded by a national referendum last December 19. In the referendum, 98 percent of the voters supported Zia's political plan and the Islamic policies of the government. The overwhelming vote gave President Zia a mandate to remain in office for five more years. Thus Zia will be sworn in as the elected president when the national assembly and senate meet March 23.

In accordance with the principles of a political plan announced by Zia last August 12, the national and

provincial elections were held February 25 and 28 respectively. Although sporadic incidents did occur during the balloting, there was no widespread violence and voter turnout was high, 53 percent of the eligible voters for the national assembly and 57 percent for the provincial assembly. And the voting reflected a desire for democracy and a change from the present reality.

Many of Zia's ministers, some of his chief advisors and several noted public figures were defeated in their bids for national assembly or provincial assembly seats. And some unknown young political aspirants have entered the political arena by winning seats. Observers in Islamabad believe the new leaders will help spark development and progress in Pakistan.

Party affiliations were banned during the elections, as the government encouraged party candidates to run as individuals. Zia wanted to run the elections without party affiliations in order to stabilize the political situation. Although more than 10 political parties boycotted the elections, some party members ran as individuals and some were elected. Observers see the boycott

as a failure and a strategic mistake on the part of the opposition parties.

1985 will be remembered as the year of the general elections by the Pakistani people. These elections will exert a favourable influence on the politics, economy and social progress of the country. Because Pakistan has an important role in South Asia, the elections are conducive to providing stability in the region.

According to Zia's statements, the transfer of power will continue for several months. In recent

Britain

Record Miners' Strike Ended

Britain's striking coal miners, after a year's hardship, ended their bitter walkout. But it seems that the struggle over pit closures will go on.

by CHEN TEAN

BRITAIN'S year-long coal miners' strike, the longest in the nation's labour movement history, has come to an end. A narrow majority of delegates to an emergency conference of the National Union of Mineworkers (NUM) voted to return to work on March 5.

It is estimated that the strike has cost Britain's state-run enterprises 4,000 million pounds and has reduced 1984 industrial growth by 2.5-3 percent.

There were deep economic and social roots behind the walkout. After the bitter 1970s, which saw Britain besieged by political turbulence and economic crises, the nation entered an era of economic reform in the 1980s. Britain's coal industry, long on the decline, was a primary target for reform in the updating of the industrial structure. Prime Minister Margaret Thatcher's government axed 10,000 jobs and shut down 10 pits in 1983, leaving only 180,000 mine workers

months the military government has faced a series of major issues: Will the recently announced amendments to the constitution be approved by the newly elected national assembly? How can the government end military rule without bringing about political chaos? Who will form the new federal government and provincial governments and what role will political parties play in the future political life of the country? These issues need to be settled reasonably to strengthen the election results and gradually realize the democratic process in Pakistan.

and 175 mines. In March 1984, the British government published a 1984-1985 coal plan that called for reducing coal production by 4 million tons, closing 20 uneconomic pits and firing 20,000 mineworkers. The plan gave birth to the bitter coal strike.

Limits imposed by the government upon labour unions also helped spark the walkout. Pointing to the fact that previous governments have been forced to make concessions to powerful unions, the Conservative Party government has attempted to weaken union power and limit strikes. It passed the Employment Act and the Labour Unions Act, which threaten to eliminate rights won by unions through years of hard struggle. To safeguard their rights, the coal miners took on the government and its plans to eliminate miners' jobs.

The strike, called by the NUM, spread across the country. Of the 175 mines, 135 were closed and 80 percent of the 180,000 miners left their jobs.

The Conservative Party took the

strike as more than a mere economic problem. It regarded it as a political war. This accounts for the hard-line policy taken by the government, under which the National Coal Board made no concessions during the year of negotiations.

The mineworkers' union was also unremittant. Its members were largely united and they received support from other large labour unions. During the long strike, wharf and transport workers held three sympathy strikes and members of the seamen's union supported the walkout with financial donations. Thus the mineworkers were able to stay off the job and continue their struggle.

The conflict was so fierce that violent incidents occurred from time to time. The government used a huge police detachment to control the strikers' actions. During the year, 8,000 coal miners were arrested, more than 4,000 were injured and 7 died in strike-related violence.

But things did not go favourably for the strikers. Electric and steel workers, who are closely related to the mineworkers, kept silent and extended no help. And the Nottingham miners never even took part in the strike. In addition, leaders of the Trade Union Congress paid only lip service to the miners' plight. On the other hand, the government waged a propaganda attack and tried to use wage lures to bribe the workers back into the mines.

As the strike dragged on, more and more miners were forced to return to work just to keep feeding their families. And the number of miners returning multiplied when pickets, who attempted to prevent workers from going back, were violently oppressed by the police. By February more than 10,000 miners had gone back to work. On March 1, Durham, Lancashire and South Wales, Britain's three main coalfields, voted to give up the

strike. Their votes were echoed by NUM's 98 to 91 vote in favour of an unconditional return to work. The year-long strike had

ended. But NUM leader Arthur Scargill vowed that while the strike may have ended, the dispute over pit closures will continue.

Uruguay

New Period of Democracy Opens

After military authorities held power for 11 years, the election of a president marks the return of democracy.

by ZHONG CHENG

JULIO Maria Sanguinetti, Uruguay's 36th president and the first democratically elected leader in 11 years, was sworn in to office on March 1

Representatives from more than 50 countries and international organizations attended the inaugural, a ceremony that heralded a new era for democracy in Uruguay.

Sanguinetti won the election last November 25 when seven political parties and their 10 candidates contested one another. Sanguinetti and his 150-year-old Partido Colorado (Red Party) bested Partido Blanco (White Party), a party with the same long history.

In his inaugural address, Sanguinetti asked his fellow countrymen to bear with the economic difficulties facing the nation. He said his government will curtail the military budget and revive the development of cultural and public services. He also signed an edict legalizing political parties and trade unions, which were banned under the military government. This is the first important measure to reinstate democracy.

Uruguay, with a population of more than 2.9 million, is one of the smallest countries in Latin America. It has a long tradition of democracy and a rich cultural heritage. In the 150 years after Uruguay won its independence, its political situation was stable, and it was known as the "democratic window of South America." Two political parties, Partido Co-

lorado and Partido Blanco, took turns in power.

But in February 1973, Uruguay's air force and army staged a coup and set up a state security council to rule the nation. Four months later the armed forces staged another coup and disbanded the parliament. The military established another state council and banned all political party activities and trade unions. Many important political leaders were arrested or forced into exile. Relations between the military government and political parties were tense. Many Uruguayans pushed for an end to military rule and restoration of a constitutional democracy, but to no avail.

General Gregorio Alvarez, who became president in August 1981, advocated a return to constitutional government and the establishment of an interim government to make way for a resumption of democracy. Under pressure from democratic forces at home, the military government drew up a timetable for the return to constitutional rule. The authorities scheduled a general election for November 1984 and decided to transfer the authority to the elected government in March 1985.

Beginning in June 1982, the military government allowed Partido Blanco, Partido Colorado and Union Civica del Uruguay to resume political activities. And in May 1983 the government initiated a political dialogue with the three political parties, discussing how to amend the constitution and debat-

ing what kind of role the army should play in the future. The military government insisted on retaining the state security council as a policy-making organ, calling it a precondition for the democratic process. But other political parties strongly opposed it. They pushed for full freedom in party activities, a resumption of the right of political leaders to take part in political activities, an end to the ban on trade unions and an end to press controls. Due to serious differences between the military government and the political parties, talks were broken off several times.

On August 2, 1983, the military government reinstated its ban on the public activities of political parties. Faced with a crisis, the three political parties jointly organized three national demonstrations, each attended by nearly 1 million people. In order to end military rule and bring about a return of democracy, political groups, along with the national trade union, called two general strikes. About 90 percent of workers in the country joined the strikes, the largest walkouts in the 11 years of military rule.

As a result, Uruguay's military government was forced to give power back to the people as scheduled. It also cancelled the ban on political activities and restored press freedoms, and the political dialogue with the other parties was resumed. Elections were scheduled for November 25, and the military leaders expressed a willingness to transfer power to the elected civil government.

The Uruguay general election is an important event in the Latin American democratic process. It was in the 1960s that an increasing number of military coups toppled elected governments in Latin America. With the democratic movement growing stronger over the past 10 years, Latin America is seeing more and more democratic elections.

Deng Says China Sticks to Socialism

CHINA'S lofty aspirations and discipline are the two major guarantees for building a socialist society with distinctive Chinese characteristics, Deng Xiaoping said in an important speech delivered at a national science conference on March 7.

While speaking positively of the excellent current domestic situation, the 81-year-old Chinese leader told conference participants that in building a socialist society the Chinese way, it is imperative to improve both the material and cultural development, uphold the "five stresses, four points of beauty and three loves,"* and encourage the people of the entire nation to foster high ideals, moral integrity, education and a sense of discipline.

"Of course, high aspirations and discipline are the most important. We should often educate our people, the young in particular, to foster high aspirations," he said.

High aspirations and a deep

* The five stresses are: stress on decorum, manners, hygiene, discipline and morals.

The four points of beauty are: beautification of the mind, which means cultivating a fine ideology, moral character and integrity and upholding the Party's leadership and the socialist system; beautification of language, which means the use and popularization of polite language; beautification of behaviour, which means doing useful things for the people, working hard, being concerned for others' welfare, observing discipline and safeguarding collective interests; and beautification of the environment, which includes paying attention to personal hygiene and to sanitation at home and in public places.

The three loves are: love of the motherland, socialism and the Party.

belief in Marxism and communism, he said, enabled the Chinese to overcome numerous hardships and succeed in the revolution under extremely harsh conditions. Deng urged those doing publicity work not to overlook the fact that the country today is building socialism with the ultimate purpose of achieving communism.

"The four modernizations we are striving for today are none other than socialist modernizations. All our policies concerning opening to the world, invigorating the domestic economy and structural reform are directed towards developing a socialist economy. We allow private businesses, joint ventures with Chinese and foreign investment and wholly owned foreign enterprises to grow in China, but we see to it that socialist public ownership always remains the mainstay. The goal of socialism is common prosperity for all the Chinese people, not class polarization. We would end up in failure if our policies led us to class polarization. If a new bourgeoisie were engendered, that would mean we had truly taken the wrong course."

In encouraging some regions to become well-off first, the Chinese leader said, China's aim is to enable these regions to help develop places still lagging behind, not to cause class polarization. Similarly, encouraging some people to get rich first is aimed at getting these people to help those still living in poverty to become wealthy too.

"In doing all this, China sticks to dominant public ownership and common prosperity as the fundamental principles of socialism. We should resolutely im-

plement and realize these socialist principles, which in the long run will lead us to communism.

"Some people are worried that China will turn capitalist. You can't say that they are worried for nothing. We should use facts, not empty words, to dispel this worry and answer those who really hope us to turn capitalist."

Deng called on the country's news media to heed this point, and he stressed the need to imbue the next two generations with lofty communist ideals. "On no account should we allow our youngsters to fall captive to capitalist ideas," he said.

Once lofty ideals are fostered, Deng continued, they cannot be realized in the absence of discipline. The relationship between discipline and freedom is the unity of opposites that cannot be separated from each other, or dispensed with, he said.

Lofty ideals and discipline are the two things that can hold a large country like China together, according to Deng. "We gain strength if we are organized. Without discipline and ideals, we would revert to the way we were in old China — disunited like a heap of loose sand. In that case, how can we win the revolution and make our modernization drive a success?"

He lashed out at what he called "unhealthy tendencies," notably the fact that some organizations have illegally used state money to open their own business enterprises. The masses are disgruntled about this, he said.

"We should bring home to our people, Communists in particular, that they should not do a thing like this." Noting that the Party

is being consolidated, he said "these tendencies should first be curbed."

Illegal practices have also cropped up during the ongoing economic reforms, Deng noted. "Some are given to saying, 'While you have your policies, I have my tactics to cope with them.' And, indeed, there is no lacking of

these 'tactics,'" he said.

Deng urged Communists to strictly observe Party discipline and all the people, Communists or otherwise, to abide by the state law. "Whether one observes Party discipline and state law is the highest criterion for truly safeguarding and resolutely implementing the Party and state poli-

cies. We should, therefore, bear in mind these two things: ideals and discipline. We should let our people, including our children, know that we uphold socialism and communism and that our policies for the various fields of endeavour all serve the purpose of developing socialism and realizing communism in the future."□

Third World Transnationals on the Rise

It was by no means merely luck that gave rise to transnational corporations of developing countries and regions. The growth of these corporations reflects the economic advance made by developing countries and the changing international social and economic climate. The transnationals play a positive as well as a negative role in the economic development of the third world and in the relations between the developing countries.

by **ZHANG ZUQIAN**

IN the past 10 years, a new kind of international corporation has begun wielding power in the economic world. While multinationals from the Western industrial powers have ruled the international business sector since the end of World War II, it is only recently that transnational corporations from the developing countries and regions have begun to flex their muscles. Their appearance is the product of the economic growth in the third world, and these new corporations are just beginning to exert their influence on the world economy.

Since the mid-1960s, the newly industrialized nations have not only encouraged foreign investment and imported advanced technology, they have also begun to make their own investments abroad and sell their own technology. In

the process, a group of corporations in these countries have become transnationals. After squeezing into the international investment arena, which was previously the exclusive terrain of Western multinationals, they have grown rapidly.

India, for example, had only 20 enterprises operating abroad in 1970, but that number grew to 207 by 1980. Between 1967 and 1977, the Latin American countries established only 24 corporations abroad, but in the following two and a half years 65 corporations were set up. According to statistics compiled by the International Labour Organization in November 1982, some 2,000 transnationals were owned by 12 developing countries and regions. At the same time, these young corporations have grown stronger. Of the 500 largest industrial businesses operating outside the United States as listed by *Fortune* magazine in August 1981, 41 were

from developing countries and regions. Among them, South Korea had 10, Brazil had six and Mexico had seven.

The transnationals have diversified into many of the international business world. Although their investments are currently concentrated in Asia, Africa and Latin America, they are now beginning to infiltrate into the very heart of capitalism—the United States and Western Europe. At the end of 1974, the developing countries and regions had about US\$4.34 billion invested in the United States. By 1981, the investment had risen to US\$12.4 billion, a growth rate greater than that of Western Europe and second only to Japan. Transnationals from the developing world have invested in every sector of the economy. They are not only active in industrial investments, but are also putting funds into banking, the service industry and technological fields.

Surplus Capital Led to Transnationals

The emergence of transnational corporations of developing countries and the expansion of their investment abroad did not come about by accident.

While developing their national economies since the 1960s, some developing countries have experienced concentration of production and capital in fewer hands. In the process, they have produced relative surplus capital at home. In addition, the growth of the international financial market and cyclic economic conditions have produced investment opportunities abroad for these developing nations.

Over the past 20 years, some emerging industrialized countries have seen their economies grow much faster than the Western developed countries. As a result, the concentration of production and capital has been speeded up.

In the case of production concentration, South Korea serves as a good example. In 1963 there were only 200 South Korean manufacturing enterprises employing more than 200 workers. But by 1978 there were 1,700 such enterprises, more than 100 employing over 1,000 workers. These included several huge corporations with more than 10,000 employees. Three manufacturers controlled all auto production in South Korea.

As for the concentration of capital, a look at India is revealing. The assets of India's Birla financial group were put at 4.58 billion rupee in 1966, but by 1980 they had increased to 15 billion rupee (US\$1.2 billion). The assets of another Indian financial power—the Tata group—were 5 billion rupee in 1966, but rose to 14.5 billion by 1980. Of *Fortune* magazine's 500 largest industrial

corporations operating outside the United States in 1975, only 21 were from developing countries. But there were 34 in 1979 and 41 in 1981.

Financial capital has also been rapidly concentrated in the developing countries, even in those countries with comparatively weak national capital. For example, 22 financial and industrial groups in Pakistan control 75 percent of the country's total industrial capital, 80 percent of the bank deposits and 79 percent of the insurances assets.

The surplus capital generated by this concentration of production and capital has found its way into other countries. Developing countries and regions which have produced the most foreign investment are those where the degree of concentration of production and capital is highest. They include India, South Korea, Hongkong, Singapore, Taiwan, Brazil, Mexico, Argentina, the Philippines and several countries in the Middle East.

Cyclical fluctuations in the market have prompted corporations to invest their capital abroad. India is the biggest investor abroad among the developing countries and regions, and India's largest investments abroad are often made during periods of economic recession. The large outflow of the capital from India's textile industry during the 1960s occurred when the textile industry sank into the most serious recession since India won its independence. And the outflow of capital from the machine-building industry during the second half of the 1970s also coincided with a sharp drop in domestic demand.

Thriving international financial markets, especially those in Singapore, Hongkong and the Bahama Islands, have provided sufficient funds for the emerging transnational corporations to borrow. For

example, the US dollar market in Singapore surpassed a supply capacity of US\$100 billion in September 1982. The governments of Thailand and the Philippines also have plans to build Bangkok and Manila into international financial centres. In 1978 Brazil borrowed US\$12 billion from the international financial market, of which 60 percent was for private investors. The ability of the developing countries and regions to raise money on the international financial market has also improved. The fact that an increasing number of countries have begun to raise funds by issuing securities in the international financial market is sufficient proof.

Overseas Markets Meet Transnational Demands

Transnational corporations from developing countries turn to overseas markets for many reasons. Some find scarce raw materials or advanced technology abroad, while others are able to raise their profits by finding lower commodity costs and higher interest rates in other countries. Some simply seek to expand their market to overseas customers.

Following the lead of the Western multinationals, some transnationals have taken their operations abroad to areas where raw materials and labour cost less. By making such a move, they lower their costs and can remain competitive on the world market. In Singapore, for example, the wages of workers doubled between 1966 and 1977. Rather than lose their competitive edge, clothing manufacturers in Singapore began to shift part of their production process to plants in Malaysia, Indonesia and western Africa, where wages are low. A United Nations survey of 200 transnational corporations in Thailand indicated that the high profit ratio was the primary reason they had set up operations there.

Developing countries also use their transnational corporations to obtain raw materials and advanced technology unavailable on domestic markets. According to the United Nations Transnational Corporation Centre's 1978 survey, seven of the 422 largest transnationals belonged to developing countries and regions. Of those seven, six were involved in oil exploration or mining. It seems that some oil-poor developing countries are investing abroad in oil exploration in order to stake a claim to reliable oil reserves and to master oil exploration techniques that can later be used to tap domestic oilfields. Argentina's national oil company, for example, has invested in Bolivian and Ecuadoran oil projects, and the Brazilian national oil company has invested in oil exploration in seven other countries.

Because many of the developing countries are small and do not have large populations, their domestic markets are limited. As growing industrial production outpaces domestic demand, they have turned increasingly to foreign trade. During the 1970s foreign trade in the newly industrialized nations grew at a phenomenal annual rate of 30-50 percent. In recent years, however, protectionism has prevailed and many countries placed constraints on imports. To escape trade barriers, transnational corporations have turned to producing and selling products abroad. For example, 22 of the 26 transnational corporations operating in the Latin American region are producing commodities and semi-finished products which were previously exported to that region. After Western nations put import quotas on Hongkong textiles in the 1960s, manufacturers there detoured around the quota by making these products in Singapore and exporting them

from there. When quotas were placed on Singapore textiles, the production was shifted to Malaysia and Thailand, where raw materials and labour are cheap and no quotas have yet been established.

Adapting to Conditions

Since entering the international investment arena, the transnational corporations from the developing countries have held their own against the multinationals from the West. Unlike some of the unwieldy Western corporate giants, the young transnationals are able to adapt to local conditions, taking forms that are welcome in the host countries. They are able to develop what is useful and discard what is not, changing to meet the local conditions rather than sticking to a strict formula.

The transnationals from developing countries have taken advantage of their cultural and historical ties to the other developing nations in which they do most of their business. Unlike Western multinationals that are "away from home" when doing business in a developing country, the new transnationals often have geographical and social links.

For example, much of Mexico's foreign investment is concentrated in neighbouring Central American countries. Brazil and Uruguay each account for 30 percent of the total foreign investment in Argentina. South Korea concentrates its investment close to home, with 70 percent of its 1979 total spent in Asia and another 10 percent in Africa. And 174 of India's 195 overseas investments in 1979 were in areas of Southeast Asia, South Asia, the Middle East and Africa, where Indian emigrants have an economic foothold. The links between these transnationals and their host nations give them a geographical and cultural headstart on their Western competitors.

Because the technology gap is not too wide between developing

countries, local technicians, engineers and skilled employees easily master the technology and equipment of the transnationals. Meanwhile, because the transnationals buy much of their equipment and raw materials in the host countries, they help stimulate the local economy.

According to statistics compiled by the International Labour Organization, Western multinational corporations in Thailand import more than 90 percent of the equipment they use from the industrialized West. In contrast, only 22 percent of the machines used by Indian corporations in Thailand are imported from the West. Instead, 45 percent come from India, 25 percent are purchased in Thailand and 8 percent are imported from other developing countries. While Western multinationals import 76 percent of the raw materials they use in Thailand, the transnationals from the developing countries and regions import only 39 percent.

The technology and equipment provided by transnationals from developing countries are more suitable to the needs of the host countries. These transnationals concentrate on labour-intensive industries which place little emphasis on technology, research and promotion. In Thailand, there are 41 percent more workers employed per dollar spent by transnational corporations from developing countries than by Western multinationals. In Indonesia, the corporations from the developing world hire twice as many people per dollar as the Western corporations. Because the corporations from the developing countries tend to set up more labour-intensive operations than their Western counterparts, they better meet the needs of the host countries, which tend to be labour rich and technology poor.

In addition, the transnationals from the developing countries

usually establish smaller businesses than the Western multinationals. The International Labour Organization's survey indicated that they are, on the average, about half the size of Western enterprises. The smaller business scale is suitable to the small markets in most developing countries and also avoids disrupting the national capital of the host country. Though transnationals from developing countries have done well in the past using the small-scale, low-technology strategy, predictions are that more and more will have to step up research and production if they are to stay competitive with Western multinationals.

As many Western multinationals established their bases during colonial or semi-colonial times, they have inflicted much suffering on the developing countries by plundering local resources and exploiting local workers. As a result, they are deeply hated for their past practices, which have included taking property by force and benefiting themselves at the expense of others. Transnational corporations from developing countries, fully aware of this bitter history, go out of their way to make concessions on sensitive issues such as local ownership and remission of profits. In most cases, the corporations are willing to share equal ownership with the host country. Of 313 Latin American transnationals, fully 45 percent are equally owned by the host country and the corporation. In Thailand, some 86 percent of the transnational enterprises from developing countries are at least half locally owned by Thai nationals. Western multinationals, in contrast, usually have only token local ownership. As for profits, the transnationals from the developing countries remit far less profits back to their home base than their Western counterparts. In Thailand, the average profit remittance is only 3.7 percent, as compared to 27 percent for Western corporations.

As a result of these practices, the corporations from the developing countries have won the respect of the host countries. And, because the hate and distrust for the Western corporations lingers on, the new transnationals have gained a further competitive edge.

Positive, Negative Effects

The growth of transnationals from developing countries has made an impact on both the home and host nations.

At home, the transnationals have boosted production and business and increased exports. Their activities have eased market problems and have earned foreign currency that can be used to import more equipment and materials. India, for instance, earned US\$14 million in January 1980 from its enterprises abroad, of which three-fourths was from technical transfers and management services. Its transnationals exported US\$29 million worth of equipment during the month, and its direct overseas investments increased exports valued at US\$78 million.

But all is not rosy. The outflow of investment funds from the developing countries cuts into domestic investment and provides jobs elsewhere that are desperately needed at home. And because most of the profits of the transnationals are reinvested in the foreign operations, the corporations provide little benefit to domestic construction. The value of the exports and the profits remitted back home do not counterbalance the capital outflow. On the whole, the foreign operations tend to drain the home countries of precious capital.

While transnational corporations from developing countries are not as large as their Western counterparts, they are most often the biggest industrial and financial groups in their country. In India, some 75 percent of the direct in-

vestment abroad is made by just seven corporations and a whopping 40 percent is made by the Birla consortium. Likewise, in Latin America, more than half of the 29 largest foreign investments were made by enterprises that have more than 1,000 employees. This foreign investment has served to strengthen the big financial groups, but has constrained the medium-sized and small ones.

The host countries, of course, benefit from the technology and investment brought by transnational corporations. But, at the same time, they often suffers a trade imbalance with the corporation's home country. Because transnational corporations from developing countries are not as strong in exporting their products as their Western counterparts, they often sell their goods in the host country, thus causing the trade imbalance.

Still, the emerging transnationals play a key role in strengthening ties between developing countries and promoting South-South co-operation. The new corporations have improved the position of developing nations in the North-South dialogue and may eventually help bring about a change in the current international economic order.

As these emerging transnational corporations grow stronger, conflicts between developing countries are bound to occur over markets, investment conditions and distribution of profits. Government and business officials alike must strive to make transnational corporations reap benefits rather than problems.

The new corporations must also avoid being swallowed up by their Western counterparts. Many have set up joint ventures with Western multinationals to take advantage of the funds, technology and market channels of the big corporations. With the great disparity in strength, the transnationals from the developing countries are in danger of being controlled. □

They Also Have the Opportunity

In recent years the Chinese government has shown increasing concern for the education of blind, deaf and mentally retarded children.

Special Schools for the Retarded

by **WEI LIMING**
Our Correspondent

ACCORDING to a survey by the No. 1 Hospital affiliated with Beijing Medical College, there are more than 6,000 mentally retarded children in Beijing and its suburbs.

Another survey of 220,000 children nationwide discovered that about 3 percent of China's children are mentally retarded. It is difficult to train those among them who are severely retarded or who also have physical problems. But many are physically normal and just learn slowly. It is for them that the special education is designed.

In the past no effort was made to bring together and educate retarded children. They were put into ordinary primary schools and were expected to keep up with the other children through the patience of their teachers. If they could not, they had to leave school.

In recent years primary school education has become widespread due to the constant improvement in living standards. Special education for the retarded has been put on the agenda.

First Special Class

In 1979 the first special class for retarded children was set up in Shanghai. Later similar class-

es were established in a dozen other provinces and municipalities, including Shandong, Heilongjiang, Jiangsu, Zhejiang, Hubei, Beijing and Tianjin.

Now Shanghai has 60 special classes teaching more than 600 retarded children. In Beijing there are 46 classes teaching more than 500 children, and two special schools.

In 1981 when the Yude Primary School in the Western City District of Beijing announced it would set up a special class for mentally retarded children, applications and letters of encouragement poured in from all over the capital. Li Changcai, an engineer in a Beijing

transport unit, said in his letter, "My son is mentally handicapped and had to stop school. He has become a burden for the whole family. The news that your school has overcome various difficulties to train mentally retarded children to be useful citizens has given us hope and confidence."

Hu Fengzhen said in her letter, "I have a 10-year-old son who is somewhat slow. He wants to study, but says 'The teacher does not like to see me.'"

"Heartfelt Thanks"

Wang Zhongmin, a worker, wrote, "I know that you must spend much more energy and time on these students than on mentally normal children. As father of such a child, I want to express

First-year pupils in the Beijing No. 1 school for deafs and mutes learn sign language.



my heartfelt thanks to the leadership and teachers of the school."

In September 1983 the school officially became a special school for mentally handicapped children. It was renamed Peizhi Primary School. There are now 60 pupils divided into five classes. They attend school for eight years.

At first the parents of some of the pupils were worried that the school would collect much higher tuition fees than an ordinary school. But the standard charge was the same—2.5 yuan per term. It is not much for ordinary workers' and peasants' families nowadays. The extra funds needed to train retarded children are subsidized by the government.

All the applicants must be interviewed by teachers before they are admitted. Then they go through intelligence tests and physical check-ups by psychiatrists. Only the slow learners are admitted.

Great Patience

Most of the teachers are experienced. No one who sits in their classes is not touched by their great patience.

The arithmetic teacher for the first grade is Wu Suzhen. Her pupils, who had been in school for only two months, learnt about the number seven through three simple stories. A simple explanation that one and six, five and two, or three and four can be added to make seven could not hold her pupils' interest. But even with the stories, some of the slower children could not understand the concept. Wu had to teach them again and again until all of them got it.

Wu said some of her pupils had attended ordinary schools, but were looked down upon. In their families and in society they were often teased and scolded. Others



Teacher Guan Jian helps Yu Lan in a music class.

were spoiled, and were left to do whatever they liked. She said her teaching method must change according to the specific conditions of each child.

Pointing out a nice-looking boy, she said his name is Guan Huadong, the youngest in the class. Both his parents are workers. Guan has serious learning problems. When he first came, he did not even know whether himself was a boy or a girl. During classes he shouted and ran around. Now he sits quietly and listens to his teachers. He now knows he must raise his hand before answering his teachers' questions.

Sharing Experiences

The education of retarded children is just beginning, and there are no principles to follow. Teachers throughout the country shape their methods according to local conditions and their own experiences. But they all share the qualities of patience, enthusiasm and courage.

Not long ago the China Special Education Society, which was founded in 1982, held its annual meeting in Nanjing. The participants handed in more than 100

papers relating their experiences and opinions concerning the education of mentally retarded children.

Co-ordination Through Music

Guan Jian, a music teacher in the Peizhi Primary School, believes that music is particularly important in developing the intellectual abilities of retarded children.

She found that at first, the children showed no interest at all in music. They remained apathetic when they sang, often out of tune and without any rhythm. Even when they listened to very pleasant music, their eyes were dull.

In order to help them understand the music, Guan tried to teach them some movements. But they could not even mark time with a simple march, often moving their left arms and legs in the same direction. Guan reminded them how the athletes do it, and asked them to enter the classroom to the music of *March of the Sportsmen*.

When their movements became better co-ordinated, Guan went on to teach them to beat time. Now all the pupils in the class can beat out the time as Guan plays the piano.

One of the pupils, Yu Lan, could not even speak when she began school. Doctors had written her off as untrainable. Now, she not only can beat time, but can also play some simple melody herself and recite multiplication formulas.

It is obvious that in Guan's class the pupils can bring their mental abilities into full play and regain their lost confidence. A 14-year-old boy said, "I do like to attend teacher Guan's music class. Now I have learnt to sing four songs. The one I like most is the *Song of Clapping Hands*."

All the children joined him to sing:

*When we are glad, we clap
our hands together.*

*The clapping goes with the
wind, but happiness remains
in our hearts.*

Handicapped Children at School

ON the morning of January 9, 1976, a cloudy day, I woke up to see dad and mom with tears on their pale faces. They were really sad. My sister and brother were also sobbing. I was really shocked because I had never seen this and I didn't know what had happened. Their anxious look at the radio on the table made me feel that something sad had happened. I asked my brother what was the matter. He told me the news in tears. I was stunned because I could never imagine that our respected Premier Zhou had passed away. . . ."

This is part of a composition written by Feng Yuanlu, a third-year student at the junior middle school attached to the Beijing No. 4 school for the deafs and mutes. From it one can see the high level a deaf student can attain after attending school.

*Clap, clap, the sounds express
our congratulations,*

*Clap, clap, we take the lead
in carrying forward fine
social ethics.*

Listening to their singing, one may forget that these children are mentally retarded and clap his hands for them, for their progress and for their teachers who have worked so hard to tap their intellectual abilities.

Wang Qi, dean of the school, said that the education of mentally retarded children is a great task which has just begun. It is very difficult to predict how far the intellectual abilities of these children can develop. The school plans to let the pupils finish in eight years the four-year programme for normal children. Whether this is possible depends on the efforts of the teachers and the cooperation of the pupils.

for the blind was established in 1874.

Access for Everyone

Before liberation the tuition fees of these schools were too high for any worker or peasant. According to a 1932 newspaper story, the tuition fees of the private North China Deaf and Mute School and another public deaf and mute school were 70 yuan for one semester, more than half of the average monthly pay of a school teacher. These schools were not intended for average income families.

Enrolment in the six special schools for the deafs and mutes set up after liberation rapidly increased. By 1965 there were 1,277 students, five times the 1949 figure. More than 90 percent were children of working people.

The Beijing Blind Children's School now has 150 students. It erected a new building in 1982, furnished with modern equipment.

Fewer Handicapped Children

Because of rising living standards and widespread education

Beijing now has one school for blind children and six schools for deafs and mutes. The first school

A teacher in the Beijing Blind Children's School helps a student learn geography.



about genetics and family planning in recent years, the proportion of handicapped children is decreasing year by year. Statistics in 1980 showed that only 56 pre-school children were deaf in the four urban districts of Beijing, or just 2.3 per cent of all deaf people.

In the outlying counties, and especially in the mountainous areas, because iodine has been added to the table salt to prevent cretinism, the proportion of deaf and mute children is declining sharply. In the Xiahualou Brigade of Yanqing County, the incidence of deaf people was once the highest in the city. In 1968 the village had 21 blind, deaf or deaf-and-mute people, 6.4 percent of the population. By 1982, there were only 17 handicapped people, or 4.9 percent of the total. Only one deaf child was found among the newborns during the 14 years from 1968 to 1982.

This being the case, four schools for the deaf and one for blind children are enough to meet Beijing's needs. To facilitate the education of those handicapped children living in the countryside, the Beijing No. 1, 2 and 3 schools for the deafs and mutes sent experienced teachers to the mountainous areas to be sure no peasant handicapped child was left illiterate.

Long Experience

After more than 100 years of practice, Beijing's teachers of the handicapped have accumulated much experience in educating blind, deaf and mute children. At present, the four eight-year schools for the deafs and mutes all use the same teaching materials. The blind children attend five years of primary school and three years of junior middle school, while some study another two years to learn the skills of medical massage.

At the No. 1 school for the deafs and mutes one may be surprised to find deaf students reciting their lessons loudly and answering questions. Principal Li Hongtai said, "As early as 1954 the Ministry of Education said our emphasis in educating deaf children should be on training them to speak. After hard training with the help of patient teachers, the students gradually learn to understand the teachers' spoken language through the movements of the teachers' mouths, and some of the students have learnt to speak."

Of course, deaf students have difficulty articulating their words. Most of them are already adept at sign language before entering school. So in their lessons, the teachers mainly use spoken language, supplemented by sign language and writing.

In music class, students dance to the music of their teacher's piano as if they can hear. Teacher Wang Qingbo said she keeps a drum by her piano. The drum's jumping rhythm to the melody of the piano piece sends vibrations through the floor. The students feel the floor vibration and dance to the rhythm.

Li said that although a soundless or lightless world can suffocate a child's intelligence, under the guidance of their teachers they gradually learn to speak, read and write.

Professional Skills

In the advanced courses of these special schools, the children begin to learn professional skills such as medical massage, typing, carpentry and sewing.

The No. 1 school for the deafs and mutes has a course in making artificial teeth. Its principal said that vocational education will provide the students with skills to

help them find a job. The school also runs factories taking outside orders to give students opportunities to practise what they've learnt in class. This also enables the school to make money, and since 1982 the students have not paid any tuition fees.

The government has always tried hard to find jobs for deaf and blind people. Most of the 1983 graduates of these special schools were assigned jobs that year. The 1975 statistics showed that 1,851 of the 1,888 special school graduates found work through the recommendation of the Municipal Bureau of Civil Affairs. The rest were helped by neighbourhood committees.

Li Hongtai, who has been educating deaf and mute people for three decades, is the secretary-general of the China Special Education Society. He told me that 23 of China's provinces, municipalities and autonomous regions have established similar societies. The rest, except Tibet and Ningxia, have preparatory committees for them.

Although uniquely Chinese, China's work in special education still lags far behind the advanced countries. Li said he thinks sharing experiences with colleagues in other countries will be beneficial for the future of China's special education. □



Handling Economic Disputes

Economic law is a very important part of China's legal system. Since China opened its door, the need for such laws has become clear and much legislation has been enacted to ensure the fair and complete settlement of economic disputes.—Ed.

by **ZHANG ZHIYE**
Our Correspondent

A MAJOR part of China's efforts to strengthen and perfect its socialist legal system is to handle economic affairs by legal rather than administrative means. This is especially true now that business administration is being decentralized and individuals are allowed to become traders.

Three forms of ownership co-exist in China today: state, co-operative and individual. This, together with the ongoing urban and rural economic management reforms and the development of rural commodity production, means that a great variety of economic transactions can take place everyday.

In 1982, when China's Economic Contract Law was published, 400 million contracts were signed throughout the country since the implementation of the household contract responsibility systems in the countryside. However, business volume has jumped and 100,000, 200,000 or even 400,000 legally binding contracts may have now been in force in a single county.

According to China's existing laws, any contractual dispute may be solved by consultation or through the arbitration of local industrial and commercial administrative management departments. If these approaches prove

unsuccessful, a suit may be brought to the economic division of the people's court.

According to official statistics, an increasing number of economic disputes has been brought to court in recent years. In 1979 and 1980 more than 3,800 economic cases were heard throughout the country. In 1981 the number was 19,000, a five-fold increase. By 1983 the court was hearing more than 44,000 economic cases. Preliminary accounting indicates that the suits involved 2,960 million yuan.

The people's court mainly deals with contract disputes, disputes involving foreign businesses, disagreements over economic losses, and economic administration cases.

Contract Disputes

The economic division of the people's court hears disputes on all contracts covered by the Economic Contract Law.

As individual and specialized households are playing an increasingly important part in developing the rural economy, their disputes over production and circulation contracts have all been accepted by the people's court. Their legal rights and interests have been well protected.

The people's court also accepts all contract disputes between commune members, specialized house-

holds and production brigades which could not be settled by the departments responsible.

Disputes Involving Foreign Businesses

So far, China has established direct or indirect trade relations with more than 170 countries and regions. By the end of 1983, 2,300 projects involving foreign businesses had been set up.

By international convention, economic disputes may be settled through consultations between the parties concerned, through mediation by a third party or through arbitration by a special commission. Some, however, must be handled in court.

The court accepts the following economic disputes involving foreign businesses:

—Suits brought by a Chinese party against a foreign party in disputes over trade, transportation and maritime affairs;

—Suits brought by a foreign investor who disagrees with the way the Chinese authorities handle taxation, labour services and other affairs;

—Disputes arising between foreign enterprises and organizations within Chinese territory over trade, transportation and maritime affairs;

—Also, in very rare cases, parties outside of China may ask a Chinese court to settle their dispute in accordance with international practice.

An increasing number of suits involving foreign business is being brought before the people's

court. In all cases, especially those in the special economic zones, legal experts try to balance China's sovereignty and economic interests against the rights and interests of foreign firms, always keeping international convention in mind.

Disputes Over Losses

When losses are incurred in business, disputes often arise over who will be responsible. Rules governing compensation for losses have been stipulated in various laws.

For example, Article 42 of the Law of Marine Environmental Protection says that a business or individual who causes another injury or loss because of water pollution must pay for any damages.

How Disputes Are Settled

THE first national conference on enforcing economic law was held in March last year. Many representatives from courts across the country introduced the various methods they had used to handle economic disputes.

Their experiences show that China has its own unique ways, suited to current circumstances, for dealing with economic disputes. Judicial procedures are supplemented by other quite effective methods.

Because most of the economic disputes between contracted parties involve no conflict of fundamental interests, the courts always try mediation first. This has greatly benefited co-operation and stable production. It is also much more convenient and less time-consuming.

Among the 460 cases settled in Zhejiang Province in 1982 and 1983, 92 percent were solved through mediation.

Article 60 of the Patent Law says that any unauthorized use of a patent is an infringement upon the rights of the patent holder, who has the right to demand compensation.

Administrative Cases

If the decision of an administrative organization is not sufficient to settle a dispute, the case is then referred to the people's court. Such cases include disagreements between foreign businesses and Chinese tax authorities and cases where a patent application has been turned down.

Apart from these major types of cases, the people's courts also hear other suits which fall within the provisions of the economic laws.

Mediation by the court is different from individual reconciliation. The court ascertains the facts, distinguishes right from wrong and helps the unreasonable party see its mistakes. It then tries to reach an agreement based on mutual accommodation. A mediation agreement has the legal force of a court verdict.

Of course, the lawful rights and interests of all parties are protected during mediation. Persuasion and education are used to convince those with unreasonable demands, but punishment is meted out to those who have broken the law.

Question of Price

The Motor Fittings Company of Ningbo Prefecture contracted with three township factories to sell carbon brushes for them. Originally, both parties agreed to set the price at 50 cents per pair for the new kind of brush and 60 cents for the old kind. The fittings com-

pany would also receive a 4 percent administrative fee.

Later the provincial machinery bureau raised the price of carbon brushes made in state factories to one yuan per pair for the new kind and 1.2 yuan for the old kind. When the three factories found out that they were being paid one-half the price set by the provincial machinery bureau, they demanded that the company pay 50,000 yuan in compensation. A suit was brought to the court.

The court ruled that because the prices of products from township factories were negotiable and the price had already been agreed upon, the original price should remain. It pointed out that the profit rate for the brushes was already higher than the state standard. The court denied the three factories any compensation, but said the fittings company should continue to help the township factories to sell the brushes they had kept in stock because of the dispute.

Re-examining Cases

The Anshan People's Court in Liaoning Province has re-examined 212 of the cases it settled in the three years from 1981 to 1983, or 84 percent of the total. They find this re-examination very helpful investigating and supervising the implementation of court decisions, and believe some rights and interests may be violated if decisions are not carefully followed up.

In re-examining cases, the court did find that some of its decisions had not been put into effect. For instance, through mediation, the Anshan High Pressure Containers Factory was required to pay the Anshan Pottery and Porcelain Factory 11,156 yuan in two instalments between August and December 1982. But, in defiance of law, the container factory kept delaying and refusing to pay the money.

The court discovered this during a routine re-examination, and immediately contacted the bank. It issued a notice of implementing an agreement, and had the money transferred directly from the account of the container factory to that of the pottery factory.

Leaders of the pottery factory praised the court's swift action. "The court handles cases fairly and gives results," they said. "Without the court, we probably would never have gotten our money."

Offering Advice

In Nanjing, the staff of the intermediate people's court also gives legal advice to enterprises found to be breaching or evading the law. In practice, these suggestions have played a great role in making the court's work more effective and helping the businesses involved avoid recurrences of disputes.

Most of the court's suggestions have to do with signing and executing contracts. They advise all departments to sincerely sign and strictly follow their contracts, as the law requires.

The Liaoyang Hongguang Machinery Factory in Liaoning Province signed a contract to sell the Nanjing Dongfang Chemical Plant steel pipes. The clerks of both companies knew nothing about production or the laws governing contracts. They included a batch of pipes in the contracted consignment which had been reported as worthless and did not meet unified specifications.

When a dispute occurred, instead of relying on the law, both parties resorted to force. The Liaoyang factory insisted on delivering the goods, while the Nanjing plant firmly refused to accept them. Both suffered serious losses as a result.

After settling the case through mediation, the court advised the

leadership of both companies how future contracts should be handled. On receiving the suggestions, the parent company of the Nanjing plant, the Nanjing Chemical Raw Materials Corporation, organized all its salespeople to study

the Economic Contract Law, and even sent people to the court to ask for further advice. The corporation also set up rules on managing economic contracts. This has successfully prevented similar cases from arising.

Four Economic Disputes

THE Lixian County Textile Plant in Hunan Province signed a contract with the Yueyang City Cotton Weaving Plant to supply 24 tons of synthetic yarn, worth 168,000 yuan. They agreed the goods would be delivered at the supplier's warehouse and transportation costs would be paid by the buyer. All the goods had to be picked up in two weeks.

On the day the contract was signed the weaving plant picked up four tons of goods. But when the textile plant finished the other 20 tons on schedule and notified the weaving factory to pick up the goods, the latter refused to do so because of financial difficulties. When the textile plant took the 20 tons of yarn to Yueyang, the weaving plant still refused to accept them and the goods had to be brought back to the textile plant after four days in Yueyang. Two months later, the textile plant brought a suit to the people's court, demanding that the weaving plant fulfil the contract and make up the losses.

The court found that the contract signed between the two parties was lawful and effective. Because the textile plant fulfilled all its responsibilities on time, the weaving plant was responsible for breaking the contract. It may be allowed to reject goods if it really is in financial difficulties, but it should make up the losses thus incurred.

The court decided the weaving plant should pay for the four tons

already picked up, give up their claim to the other 20 and pay the textile plant 12,600 yuan for breaking the contract.

Both parties were satisfied with the judgment.

Honest Error vs. Deception

In 1982, a shop in Tianjin wrote to a clothing factory in Fujian asking it to send five sample suits. The factory claimed the suits were nylon serge, and, after seeing the suits, the shop signed a contract on that basis. It would buy 1,850 nylon serge suits, worth 30,195 yuan. The factory would ship them in three batches.

But when the first batch of suits were put on sale in Tianjin, customers found the material was not nylon serge and asked to return the suits. The shop checked, and discovered the material was polyester. It notified the factory, asking to return the goods and stop delivery on second and third batches.

The factory sent representatives to Tianjin to talk about the matter. The shop authorities said the factory had deceived them, and insisted on returning the goods, or lowering the price by 1.50 to 2 yuan per suit. The factory representatives claimed that the material was bought from their local supply department as nylon. They refused to accept returned goods, but agreed that each suit of clothes already delivered might be sold at 50 cents less and that the undelivered suits would not be shipped.

The shop was not satisfied and the factory took the case to court.

The court discovered that both parties were telling the truth, and that it was common in Fujian to call polyester nylon. Further, they found that the two synthetic materials are similar, but that polyester is actually more popular because it is softer. The prices of the two materials are nearly the same.

In the light of these facts, the court decided that the factory did not intentionally deceive the shop; the error was caused by a lack of knowledge. The compromise originally offered by the factory was accepted. No more suits were delivered, and the shop paid for the suits it had received and the price was lowered 50 cents. The 340 yuan spent on the lawsuit was shared by both the factory and the shop.

Breaking a Contract

The Shenyang Air Blower Factory in Liaoning Province signed a contract with the Industrial and Mine Fittings Corporation of Jinzhou to make two sets of special equipment. Later the two parties agreed through consultation that only one set of equipment worth 33,000 yuan would be made, and the money would be paid upon arrival of the goods.

But the air blower factory delivered the goods three months late. The fittings corporation refused to pay for them and declared the contract invalid because of overdue delivery. The factory said the late delivery was caused by a shortage of electricity and delays on the railroad, and demanded the money. The corporation said it had written to the factory at the time the goods were supposed to have arrived, demanding the termination of the contract because the equipment was late. The factory said the letter was

meant merely to press for the goods that it was unreasonable for the corporation to refuse to pay. It brought a suit to the court, demanding that the corporation fulfil the contract and make up the losses.

In the course of its investigation the court uncovered several facts. First, the contract was valid despite the fact that the factory's failure to deliver the goods on time was a breach of terms. Second, the corporation's letter to the factory was meant to press for the goods, not to terminate the contract. Third, the cause of delayed delivery given by the factory was untrue. The real reason was that it had failed to organize production and supply the goods in accordance with the contract.

Based on this, the court decided that the factory should bear the economic responsibility for the overdue delivery. But it was unreasonable for the corporation to refuse to pay when the goods arrived, because it had written a letter to press for the goods even when they were two months late. This clearly showed its intention to buy the equipment. Therefore, the corporation had to bear economic responsibility for deferred payment.

Through mediation, the two parties agreed that the corporation should pay the factory a 16,500 yuan fine for deferred payment in addition to the money for the goods. The factory would pay a 3,000 yuan fine for delaying delivery. Both sides were satisfied with the judgment and fulfilled their obligations.

Protecting Individual Traders

Pan, an individual hardware repairer in Nanjing, signed a contract with a handicraft factory to make a small hot pressing machine worth 450 yuan. Pan deliv-

ered his machine four days ahead of schedule, but the higher authorities, upon hearing Pan was an individual trader, refused to authorize payment. They claimed the machine was poor in quality and overpriced, and told the factory to return it without payment. Pan had no recourse but to take the matter to the court.

The lawyer for the factory argued that it was illegal for Pan, an individual trader, to make such a machine. The contract had not been approved by the industrial and commercial department, so it did not follow required procedures. The price of the product was high and the quality poor, and Pan was seeking exorbitant profit illegally.

But after investigation the court discovered that Pan's trade had been approved by the industrial and commercial administrative organizations and he had a valid business license. The small hot pressing machine was in short supply but was urgently needed by the handicraft factory. Under the circumstances, individual traders should be allowed to complement the output of state-owned enterprises.

After examining a detailed account of the processing expenses and the cost of the 12 parts used on the machine, the court also decided it was worth the price Pan was charging.

Further, it was unreasonable for the factory to assert that the machines was of poor quality when they had never tried it out.

Through the mediation of the court, the two parties agreed that the factory would accept the goods and pay the money and Pan would install the machine and guarantee to keep it in good repair.

Pan was delighted. He said, "I should thank the court for upholding justice and protecting the lawful rights and interests of the individual traders." □

Foreigners Entitled to Property Rights

from "WEN HUI BAO"
(Wen Hui Daily)

ONE morning in early summer 1984, Feng Jinlou, an old man over 60, came to the legal advisory office of the Hongkou district of Shanghai. He asked lawyer Yang Qisheng, "Can a Chinese-American who made a living abroad before liberation and then became an American citizen reclaim the house he had in Shanghai, which has since been occupied by others? Does China's law protect a foreigner's legal rights in Shanghai? And how do I engage in a lawsuit? . . ."

Feng was acting as an agent for Luo Guorong, a Chinese-American who works for an American shipping company. In 1948, when he left Shanghai for the United States, Luo left a three-storey building with 13 rooms behind in Shangfang Garden. In 1978 the government implemented a policy of giving private homes back to their rightful owners and the building was deeded back to Luo. But Luo's stepmother Cai insisted that the building belonged to her. So Luo asked Feng to look into the legal intricacies of claiming his property.

Yang, the lawyer in the legal advisory office, told Feng, "All civil actions, including those pertaining to foreigners and overseas Chinese, should be done according to China's law." Feng agreed and asked, "Would you like to handle Luo's lawsuit?" The lawyer agreed to handle the case.

In 1931, Cai, a concubine, married Luo Zhuohan, Luo Guorong's father. Before their marriage, Luo

Zhuohan had already purchased some 20 houses. In 1937, Luo Zhuohan's first wife, Li Qinyu, bought her only son, Luo Guorong, a three-storey building with her dowry, which included gold, silver and other treasures. But two years later Li died of illness.

After liberation, the building was protected as private property of overseas Chinese by the government. (By that time, Luo Guorong had not yet adopted American citizenship.)

First, lawyer Yang filed a complaint for Luo, and the Shanghai Municipal Intermediate People's Court accepted the case.

Under Chinese law, a foreign citizen enjoys the same legal rights as a Chinese citizen when he files a complaint in a Chinese court.

After receiving a copy of the complaint, Cai sent her reply to the court. She insisted that the building had belonged to her husband, rather than her stepson, and therefore belonged to her as her husband's heir.

Yang and his legal assistant,

Chen Zeping, made a thorough investigation of the case. First they analysed the correspondence between Luo Guorong and Cai and found that Cai, not Luo, was the one wanting to occupy the house. They also made a close study of the local property records. As a result, they not only found the original 1946 property deed which listed Luo Guorong as the owner, but they also discovered six copies of the property register between 1956 and 1965 listing the same owner. Luo Guorong's father and brother were listed only as procurators.

The lawyer's thorough investigation was corroborated by the court. Although Cai tried to defend her actions, the facts could not be refuted. After hearing the arguments, the judge made his decision based on the facts and the law. He wrote in his verdict, "The plaintiff and defendant contended for a building. Cai professed that the building belonged to Luo Zhuohan's estate, but her evidence is inadequate. As a result, the building should belong to Luo Guorong."

The foreign citizen's property rights were at last protected by China's law.

Let the Retired Keep Going

from "JINGJI CANKAO"
(Economic Reference)

FOR a long time retired workers in China were restricted from taking new jobs once they had begun to receive pensions. This practice forbids those who can still work or offer their skills from contributing to the country's growth. According to

statistics, among the 1.22 million pensioners in Shanghai, more than 500,000 are able to go to work.

The labour science research institute under the Ministry of Labour and Personnel recently proposed lifting the work restrictions on retirees. The institute pointed out that allowing pensioners to seek jobs will influence youth employment, but the influence will

not be big. In many cases retirees will take the jobs that young people are not willing to do. In addition, the retired have skills that allow them to perform jobs that high school graduates don't have the experience for. For example, retired workers make up one-third of the total workforce of newly established collectively owned enterprises in Shanghai. Without such experienced workers, these enterprises can't be put into operation. Both sides, the

retired workers and the factories they work for, negotiate to reach an agreement on wages.

The institute also suggested that all retired workers who are healthy and needed by society should be allowed to pick up new jobs, and those with special talents and skills should be organized according to their trade, such as the retired engineers' association and the retired skilled workers' association.

Star Succeeds Across the Straits

from "BEIJING WANBAO"
(Beijing Evening News)

DURING China Central Television's traditional lunar New Year's eve party (February 19), Zhu Wanyi, a television star who left Taiwan for the mainland in 1983, wished her parents in Taiwan and all the people of China a happy New Year.

Zhu was born in 1960 in Penghu County, Taiwan Province. Her parents both held important posts in the Taiwan Navy. After graduating from middle school, she began to study international trade and mass communications in a Taiwan university. In 1982 Zhu played the leading role in the TV series *Urgent Action*, a role which gave her the chance to show her talent. But in 1983, she abandoned her newfound fame and endured many difficulties to leave Taiwan for the mainland. Her move caused a sensation throughout Taiwan.

Recalling her first appearance on television, Zhu told a romantic story:

On March 8, 1978, a train traveling from Gaoxiong to Taipei collided with a lorry and ran off the track into a river. More than 100 passengers died and only one man and one woman survived. The woman was Zhu, who quickly became the focus of news interviewers and appeared on television.

Although Zhu has met many difficulties in switching from Taipei television to Beijing's China Central Television, she is making progress as a result of her courage and her friends' help and encouragement.

"I have two families now," said Zhu. "One family is in Taiwan. I am very worried about my parents there. One family is in Beijing, where I have many friends with whom I could hardly part. Now my only wish is to unify our country early and do my bit for our country's art."

Beijing Boy-Girl Ratio Almost 1:1

from "JIAN KANG BAO"
(Health Newspaper)

OF the 131,906 infants born in Beijing last year, 68,042 were male and 63,864 were female. The

ratio of girl births to boy births was 100 to 106.5, a ratio approaching the international average of 100 to 106. These new statistics indicate that China's girl-boy ratio is stable and normal. The new

figures lend some experts to believe no sexual imbalance will occur in the coming decades when these boys and girls reach marrying age.

Hainan Island— China's Hawaii

from "SHANGHAI YIBAO"
(Shanghai Translation News)

HAINAN Island is being developed as an international recreation area and health resort in the same vein as Hawaii and Florida in the United States.

According to Hainan's construction plan, a recreation building, a tourist centre, a golf course, sports facilities, a hovercraft wharf, fishing facilities and other items will be built in a 1,300-hectare area along the 25-km-long coastline in the southern part of the island. The tourist projects will be jointly built by the Hainan Development Corp. and overseas companies. The resort projects will require a total investment of 1,500 million yuan and are expected to be completed within 10 years.

In addition, an airport for jet airliners will be built. Hotels will be constructed with investments from Japan, the United States, Europe and Hongkong.

CORRECTION: In our last issue, page 4, left-hand column, first paragraph, lines 11-12, "and in the People's Liberation Army..." should read "and in the leading bodies of the People's Liberation Army..."



China Forms Joint Ventures Abroad

While attracting foreign capital and importing advanced technology from abroad, China is also investing and setting up joint ventures of its own in other countries.

By the end of 1984, China had formed 113 joint ventures with a total investment of US\$210 million in other countries. Of the total investment, the Chinese contribution was US\$150 million. China will continue establishing dozens of overseas joint ventures this year.

These joint ventures are engaged in many fields. They include resource exploitation, industrial production, processing and designing projects, construction, shipping, financial insurance, consultation services and, naturally enough, Chinese restaurants. These joint ventures are located in 30 countries and regions, including Bangladesh, Belgium, Brazil, Cameroon, Canada, the Federal Republic of Germany, Guinea, Guinea-Bissau, Guyana, Japan, Mauritius, the Netherlands, Nigeria, Pakistan, Sierra Leone, Sri Lanka, Tanzania, Thailand and the United States, as well as in Hongkong and Macao.

Third world countries are especially interested in setting up joint ventures with China, but most of them lack funds. In order to expand economic co-operation with these countries, China has tried to be flexible in its financial arrangements. When selecting co-operative projects, the stress is placed on the co-operative development of resources and on the establishment of small and medium-sized processing factories that can process readily available raw materials into products that will sell well. With regard to investments,

China has usually supplied equipment, suitable technology and managerial personnel. Profits earned by the Chinese partners are usually used to exchange for products or to purchase necessary products at a reasonable price. These practices have helped encourage joint ventures abroad. By the end of last year, China had set up 30 joint ventures in 20 other third world countries.

Many of the 113 joint ventures set up abroad are engaged in the exploitation of natural resources.

Fishing. To meet the needs of various countries, China has sent fishing study groups to 20 countries to discuss fishing co-operation. China has reached fishing agreements with Guinea-Bissau, Mauritius, Senegal, Sierra Leone and Sri Lanka. The investment was most often provided by the Chinese side. A Chinese-financed fishing fleet composed of 13 vessels set off for Guinea-Bissau, Senegal and Sierra Leone in mid-March. Fishing co-operation with other countries is also under discussion.

Forestry. The China International Trust and Investment Corporation has purchased an expanse of timberland in Washington State in the United States. Work on felling trees has begun, and the first shipment of 25,000 cubic metres of timber has arrived in China.

A plywood factory jointly financed by China and Brazil has produced 4,000 cubic metres of plywood since beginning trial operations last September. Talks on the joint harvesting of forests in Papua New Guinea have also been successful.

Mining. Last September China

dispatched a feasibility study group to Australia to study an iron ore mining joint venture with Hamersley Iron Pty. Ltd.

The establishment of joint ventures abroad will help China import advanced technology and update its enterprises. For instance, Shui Hua Development and Enterprises Ltd., a joint venture established by a company under the Ministry of Light Industry and a Hongkong firm, has imported 10 production lines for factories and enterprises in China's interior. One of the Shui Hua imports is a refrigerator production line. In only a year or so, the factory was updated and is now producing high-quality refrigerators which sell so well that supply always falls short of the demand.

The Beijing No. 1 Machine-Tool Plant and a Hongkong company last year bought all the property, patents, trademarks and technology of an American numerical-controlled machine-tool company with a plan to jointly manage the company. The joint venture has since designed, developed, produced and sold modern machine tools. The top managers of the enterprise were supplied by the Beijing No. 1 Machine-Tool Plant. The joint venture will boost the production of China's numerical-controlled machine tools.

Joint ventures abroad constitute an important form of international economic co-operation for China. While setting up such joint ventures, China has always been true to the spirit of South-South co-operation and has adhered to the four principles of "equality and mutual benefit, stress on practical results, diversity in form, and com-

mon progress." China also abides by its contracts, guarantees quality, seeks low profits and stresses its obligations in its relations with foreign countries.

China's Carpets Popular Abroad

China will export a number of new carpet varieties and patterns this year, and the new designs will be protected by the Chinese Patent Law, which takes effect April 1.

China's carpet exports hit an all-time trade volume high last year. China's carpets dominate the import market in Britain, Japan and the United States and in Hong-kong. And Chinese carpets are growing more popular in the West German market, which has traditionally been dominated by Persian carpets. Foreign sales agents are granted exclusive rights to market the Chinese designs within prescribed areas and time.

At the beginning of this year, the China National Native Produce and Animal By-Products Import and Export Corporation, the sole agent for China's carpet exports,



A corner of a carpet workshop.

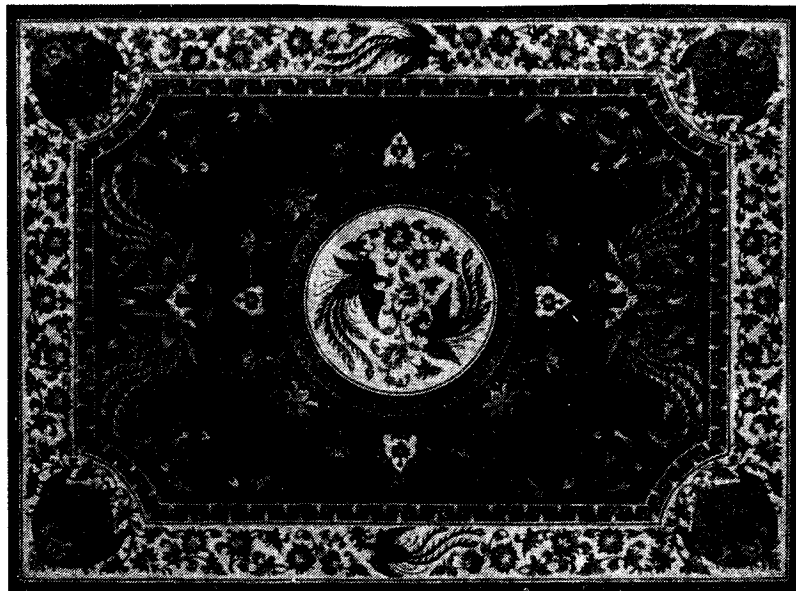
carried out structural reforms, simplified its approval procedures and sped up delivery. With the expansion of China's carpet export channels from 10 in the 1970s to more than 20 at present, carpet exports should rise this year. But no major breakthroughs are expected.

China has a history of at least 2,000 years in making carpets, and Chinese designs and weavers have

developed a unique style over the centuries.

Chinese carpets are known throughout the world for their high quality and exquisite designs. Fine quality wool from the Qinghai-Tibet Plateau, Xinjiang and Inner Mongolia is used in the carpets. Weaving methods include closed and open back styles and patterns designs fall into four categories — esthetic, Beijing-style, flowery and plain embossed. There are more than 1,000 varieties to choose from.

Tiantan brand carpets with the flying phoenix design were awarded gold medals at the Poznan and Leipzig International Fairs in 1984.



News in Brief

- Seventeen economic laws dealing with foreign contracts, joint business, enterprises set up solely with foreign capital, customs and labour, covering areas which business representatives at home and abroad have been concerned about, will be published this year.

- China plans to invite a number of retired and experienced people from abroad to advise industrial enterprises and help improve China's managerial and administration levels.

Bamboo Documents Describe Han Life

More than 1,000 inscribed bamboo strips have been unearthed from three tombs dating from the Han Dynasty (206 BC — 220 AD) in Zhangjiashan, Hubei Province.

Before the development of paper, bamboo strips were used for writing. Several bamboo strips inscribed with Chinese characters made up a "book" when put together.

Many bamboo and wood documents recording valuable information about China's ancient culture have been uncovered throughout the country. Among the more important are famous military works such as *The Strategy and Tactics of Sun Wu* and *The Strategy and Tactics of Sun Bin*, which were unearthed at a Han tomb in Yinque, Shandong Province, in 1972. Wooden strips were also found in a Han tomb in Juyan in north China during excavations in 1930 and 1973. And bamboo strips found in a Qin Dynasty (221-207 BC) tomb in Yunmeng, Hubei Province, record laws and decrees.

Most of the bamboo documents unearthed in Zhangjiashan are damaged. However, archaeologists were able to piece together the contents of many of the ancient records. In a paper published in January, the researchers said the findings included:

- More than 500 bamboo strips bearing laws and decrees of the Han Dynasty;
- About 200 strips describing details of criminal cases;
- A military work in the form of dialogue; and
- Strips recording mathematical data, the earliest mathemati-

cal records ever discovered in China.

Also recorded was a medical work on the human circulatory system, blood diseases and a description of gymnastics exercises.

In addition, more than 23,000 Han Dynasty bamboo strips have been unearthed in Gansu Province, the starting point of the Silk Road, which was the scene of constant battles between the Han govern-

ment and the Xiongnu nomads. The strips record political, economic, military, cultural and social events from 99 BC to 111 AD. Archaeologists described the find as "a valuable chronicle" of the Han period.

More than 10,000 Han bamboo strips were unearthed in the area in 1930 and 1931. The discovery gave archaeologists an unprecedented look at oriental civilization 2,000 years ago.

4,000-Year-Old Castle Uncovered

The site of a 4,000-year-old castle has been discovered in Shouguang County, about 170 km northwest of Qingdao in Shandong Province.

Excavation work began in October, when archaeologists unearthed the foundations of the castle. The walls of the foundation slope outward on all sides.

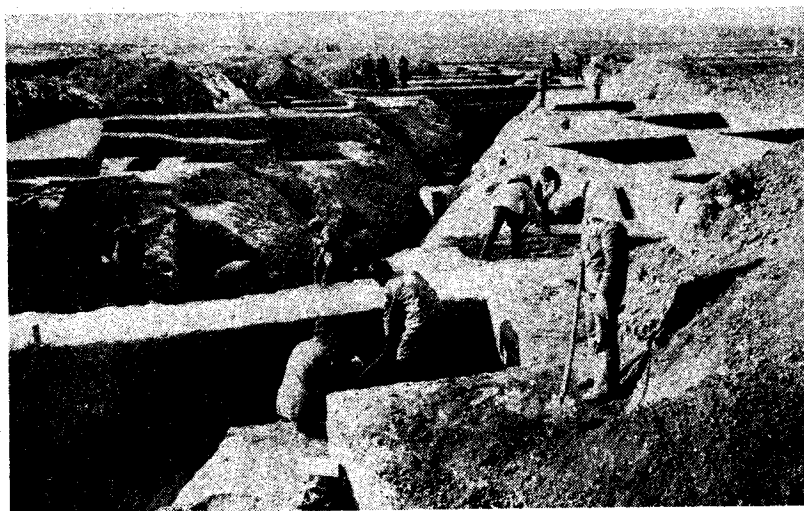
Three human skeletons and the remains of six sacrificial animals were found, along with many

pieces of pottery dating from the Longshan Culture 4,500 years ago.

Archaeologists say the foundations are made of compacted clay. They were built with round corners running southwest to northwest. The castle once covered 44,000 square metres.

In recent years, 47 sites dating back to the 11th century have been found in and around the coastal county.

Archaeological workers excavate ancient castle foundation.



China Improves Winter Showing

The 12th World University Winter Games in Belluno, Italy, which closed February 24, drew a record 538 players from 29 countries.

With an eye towards learning from other countries, China sent a delegation of more than 60 athletes to the games, though it has only a short history in winter sports.

Asian players this year began to show their strength in the winter games, which traditionally have been dominated by European athletes. Today, the Asians have somewhat turned the tables. Some major events, such as individual figure skating, were won by Chinese and Japanese competitors.

China's team participated in five sports during the games and its final ranking rose from 14th in the last games to 8th this time. On the final day of the games, Zhang Shubin bested nine skaters from the United States, Austria and other countries to take the gold medal in the men's figure skating contest. He is the first Chinese to win an international skating title.

A native of northeast China's Heilongjiang Province 19 years old and 1.80 metre tall, Zhang learnt how to skate at the age of eight, and he has now mastered four kinds of triple jumps, which he successfully performed in the games.

China's ice hockey team went up against several tough opponents and finished a respectable fourth. In the women's 10-km cross-country skiing, Tang Yuqin finished 10th. Another Chinese woman, Zhan Huanli, won a gold and bronze medal in speed skat-



Zhang Shubin (right) and his coach, Wang Yunxiang (middle), are interviewed by a reporter at the winter games.

ing. China's skaters also took the bronze medal in the women's 3,000-metre relay and placed fourth in the men's 5,000-metre relay. This is the best performance China's skaters have ever had in international skating matches.

Bowling Lanes Reappear in China

After China's Olympic athletes took 15 gold medals in the Los Angeles Games last year, the nation's sports enthusiasts are eager to try many other events, including bowling, which is likely to become an Olympic event in the future.

Because bowling requires a large indoor space, it has been regarded in China as a luxurious activity and only a few people have dabbled in it in the past.

Beijing has refurbished a few old bowling lanes following an announcement late last year from the State Physical Culture and Sports Commission encouraging the development of bowling.

Ryonosuke Hasebe, a Japanese businessman, recently donated bowling equipment to Beijing's Nationalities Palace of Culture and helped install it within two weeks. On March 1 the palace officially opened a four-lane alley and held its first bowling match. To help Chinese players increase their skills, Akio Harada and Ritusko Yamanaka, Japan's 1984 men's and women's champions, were present to give a demonstration and take part in the matches.

The bowling lanes in the Nationalities Palace of Culture are open Tuesday, Thursday and Saturday evenings.

First Volumes of Buddhist Works Ready

Collections of Chinese Buddhist Scriptures (in Chinese)

《中华大藏经(汉文部分)》

Publisher: Zhonghua Bookstore, Beijing.

Distributor: China International Book Trading Corp. (Guoji Shudian), P.O. Box 399, Beijing, China.

Price: RMB 100 yuan for each volume.

A 220-volume collection of Chinese Buddhist scriptures is scheduled to come off the press volume by volume over the next 10 years. The first five volumes of *Collections of Chinese Buddhist Scriptures* (in Chinese) were recently released.

Buddhism originated in ancient India and its literature made its way around the world in three primary languages: Pali, including Sanskrit, which is popular in southern India, Sri Lanka, Thailand, Burma and among the Dai people in China's Yunnan Province; Tibetan; and Chinese.

More Chinese scriptures are preserved than those in the other languages and most of them are dated and include the names of the writer and translator. In addition to those translated from the Indian scriptures, there are many scriptures written by Chinese Buddhists, which reflect their understanding of the religion and the ideological trends throughout different historical periods.

Buddhism spread throughout China as the scriptures were introduced. Beginning in the Western

and Eastern Jin and the Southern and Northern dynasties (265-589), Chinese Buddhists began to write and compile many scriptures, thus enriching the Buddhist literature. With the number of scriptures multiplying, people began to collect and collate the Buddhist writings. During the Sui Dynasty (581-618), a large number of new Buddhist scriptures appeared. Emperors during all the dynasties between 960 and 1911 devoted massive amounts of manpower and materials to the editing, copying and printing of such scripture collections.

Buddhist scriptures are more than just religious documents. They are all-inclusive works, covering philosophy, history, languages, literature, art, astronomy, calendars, medicine and architecture. They have had a far-reaching impact on Chinese and world culture.

Collections of Chinese Buddhist Scriptures will include all 4,200 kinds of Buddhist scriptures found in the 23,000 volumes in China and abroad. The most popular collections found today include some 3,000 different kinds of scriptures.

The editors involved in the current effort are doing their best to include the good points of collections from all over the world while avoiding their shortcomings. They hope to provide a definitive collection of Buddhist scriptures.

Collections of Chinese Buddhist Scriptures is based on *Zhaocheng Jinzang*, a rare Jin Dynasty (1115-1234) collection of 4,000 volumes of Buddhist scriptures. The 800-year-old work is the largest collection of Buddhist scriptures in the

world. It was completed in 1173 and rediscovered in 1933 in the Guangshen Temple in Zhaocheng County, Shanxi Province. The new volumes are checked against eight other representative collections from China and abroad, including a collection of scriptures found in the Yunju Temple in Fangshan County, Beijing, and the *Korean Buddhist Scriptures*. The Yunju collection was carved on stone plates by monks between the late 6th century and the early 17th century. *Korean Buddhist Scriptures* was a copy of the scriptures given by the emperor of the Northern Song Dynasty (960-1127) to Korea in 983.

With the help of a photocopy of the Zhaocheng collection, the new volumes have preserved the original features of the ancient collection. These reproductions will be of great value to historical researchers.

Buddhists have produced a literature that goes beyond the scope of religious writing. Their works have become a treasure to be enjoyed by all of mankind.

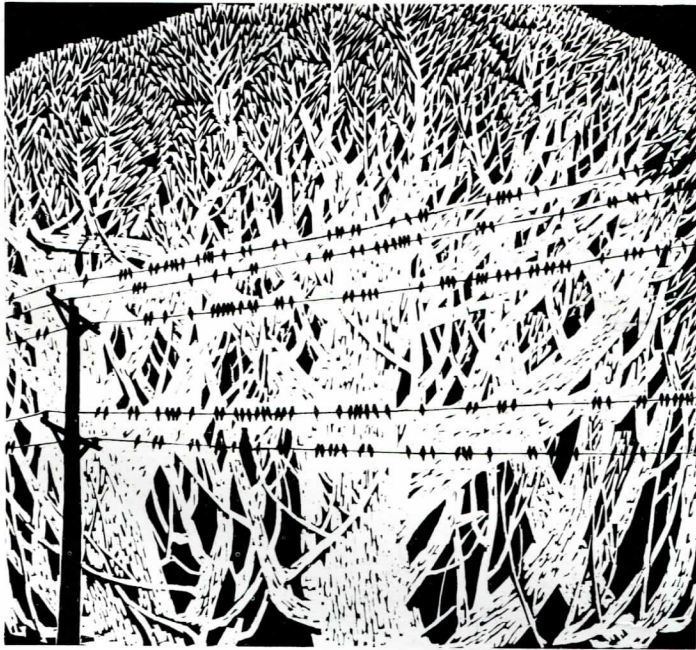
The publication of this new collection has been strongly welcomed by academic and religious scholars at home and abroad. The Toho Bookstore in Japan and bookstores and individuals throughout the United States, France, the German Democratic Republic, Switzerland and Britain have already ordered the volumes. The press run for the first five volumes was 2,000 copies, enough to fill the orders. The volumes are carefully crafted, with sheepskin spines and gilded titles.

— Zhou Shu

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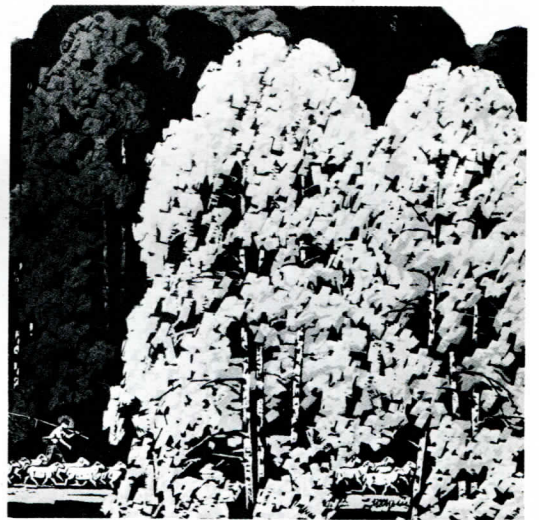
Woodcuts by Chao Mei



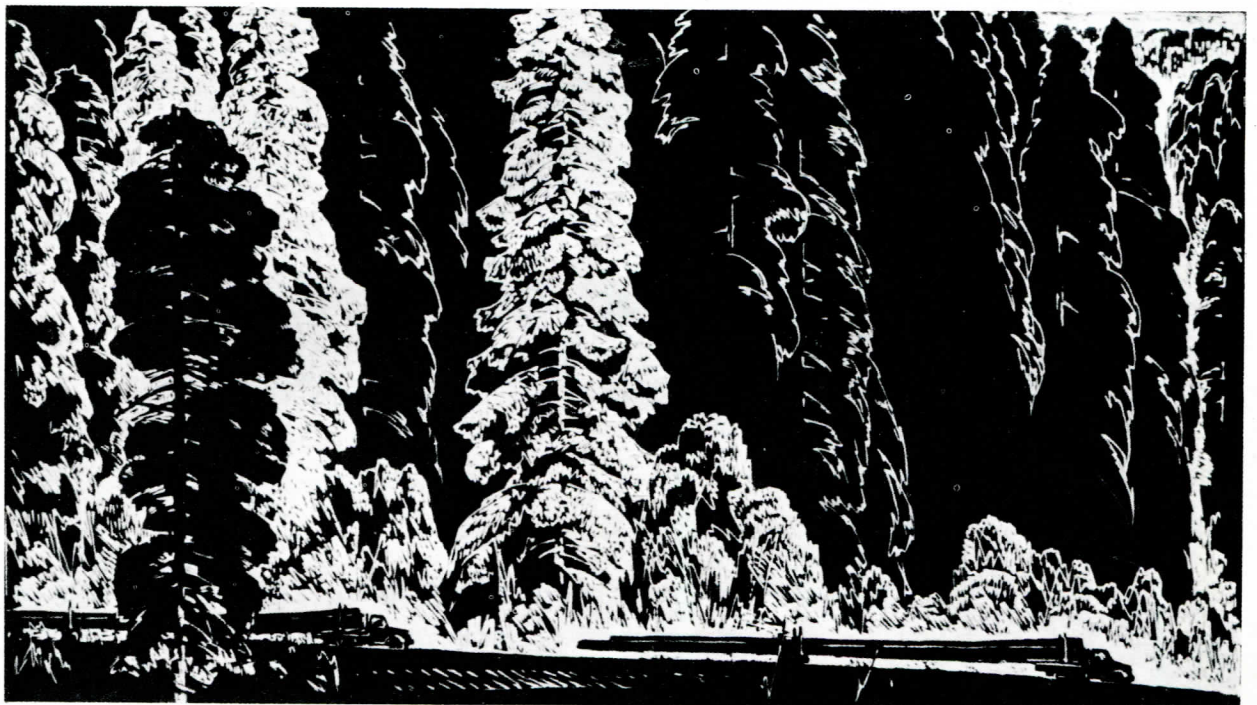
Winter.

Born in 1931 in Heze County, Shandong Province, Chao Mei now works at the Heilongjiang Artists' Association.

Most of his works show life in the reclamation area in northeastern China. His woodcuts are clear and bold, yet lyrical. The colours are bright and gaudy.



Tending Sheep.



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