

termining both the total amount of concessionary International Development Association (IDA) funds available in coming years and how much goes to China. By its articles of agreement, IDA is specifically intended to provide loans whose terms "bear less heavily on the balance of payments than those of conventional loans . . ." and the facility is widely understood as a means of lending to countries without recourse to other sources of finance.

It is certainly true that China has tended to see the bank as a source of funds at less than commercial rates, though this view better describes Chinese views four years ago than now. But it is difficult to condemn China's sensitivity to the costs and dangers of over-borrowing; as the Third World debt crisis has amply illustrated, a debt structure that appears manageable today can become a crippling burden if rising interest rates intersect with contractions in export markets.

But to argue that China, by virtue of its lack of debt and



Peking back street: the bank has focused on population policy.

healthy reserves, is less deserving of World Bank assistance is fallacious; it confuses the wealth of a nation with its balance of payments. With a per capita gross national product of only US\$310, China remains an extremely poor country which manages its international accounts very well. Brazil, with a per capita GNP of US\$2,240 but a debt-service ratio of 42%, is a relatively wealthy country that has managed its accounts rather badly in recent years. The problems faced by a poor country are not rendered less serious by the lack of a concurrent debt crisis.

It is also misleading to suggest that commercial-bank loans can be substituted for World Bank assistance. This argument blurs the distinction between foreign-exchange earning projects with relatively short lead-times which are amenable to commercial financing and vital but long-term infrastructure development projects with limited earning potential. Much of the bank's activity in China to date has been focused on areas such as education and rural land re-

clamation. The foreign-exchange earning prospects of projects like these are nil, which means they are totally unsuitable for commercial financing.

Total bank lending to China in 1983-84 was US\$1 billion of which US\$422 million was IDA, making the China programme the third biggest recipient, following India (US\$2.5 billion) and Brazil (US\$1.5 billion). Due to China's belated eligibility for World Bank loans, lending to China represents only a small fraction of cumulative disbursements. IDA credits to China as of mid-1983 were only 1% of total cumulative IDA lending while IDA credits to India at that date were 38%.

Awash with foreign-exchange reserves, China today is a net exporter of capital, but that is expected to change by the late 1980s as the modernisation programme generates additional demand for imports. This will be later than projected in the bank's 1980-81 study, partly because China has done better than expected at replacing growth in energy exports with additional earnings from manufactures. That study projected two alternative borrowing scenarios through 1995. In the moderate borrowing scenario, net resource inflow was projected to reach US\$2.7 billion by 1990 and US\$4.6 billion by 1995 (in 1980 prices). Although it will probably run a few years behind schedule, this scenario remains highly plausible. To keep debt service within bounds, China ideally should seek to obtain at least half of its gross resource inflows on concessional terms.

Bank lending to China is expected to continue at approximately the current level for some years, increasing as China becomes a net borrower in a few years to approximately twice the current level by the end of the century. Bank officials indicate, however, that the blend of lending to China, which even now comprises a larger International Bank for Reconstruction and Development (IBRD) component than other extremely poor developing countries, will harden further in the years ahead. IDA credits represent 38% of the bank's cumulative lending to China to date — US\$1.9 billion. By contrast, IDA credits were 68% of the US\$17.1 billion in cumulative bank lending to India through June 1983.

Energy has been the focus of the largest World Bank projects in China to date, totalling US\$509 million in IBRD loans. China's current growth objectives will require an approximate doubling of commercial energy supply by the end of the century plus major improvements in the efficiency of energy use. Two IBRD loans, together worth US\$263.4 million, are being used to develop onshore oil production at the Daqing oilfield in Heilongjiang and at two fields in the Zhongyuan basin south of Peking. The Karamay project, supported by a US\$100.3 million IBRD loan, will explore the potential of the Karamay oilfield in China's remote northwest while introducing modern technology and methods into the Chinese petroleum industry.

Another IBRD loan of US\$145.4 million is contributing to a US\$811.7 hydroelectric project at Lubuge in Yunnan. This is a co-financing project in which the bank has been joined by the United Nations Development Programme, Australia, Norway and Canada.

The largest share of China's IDA credits to date (38%) has been devoted to education. Only 1.1% of China's 20-24 year-olds are currently enrolled in higher education, a degree of access comparable to Senegal and Haiti. The general inadequacies of the education system were greatly exacerbated during the Cultural Revolution. China is using World Bank assistance to repair the damage done at that time and resume the work of building a modern mass education system. A related project is to improve health care education and delivery of basic health care services in rural areas. World Bank projects currently under way in this area include:

- ▶ Strengthening science and engineering research and teaching at 26 universities. (IDA US\$100 million, IBRD US\$100 million.)
- ▶ Supporting a new system of post-secondary education

The Bank's ideal client

By Robert Delfs in Hongkong



In many respects, China is the World Bank's ideal client. China's current economic policies dovetail neatly with what the bank prescribes to other populous, low-income economies and the large-scale infrastructure projects and macro-economic objectives which lie at the centre of Chinese economic planners' thinking closely match the kinds of financial and consultative assistance the bank provides best.

The bank has focused on population policy as a key factor in development. China — the world's most populous country — is now consolidating an extremely effective population programme that has reduced its projected growth rate for the remainder of the century to only 1% — one-third the rate projected for other low-income countries.

In countries which borrowed excessively from commercial banks during the 1970s only to face staggering debt-service burdens in the 1980s, the bank has seen long-term development strategies undercut and diverted as debtor countries are forced to accept sharp cuts in imports and consumption.

By contrast, China is arguably among the healthiest of developing countries in terms of international payments. Its external debt burden is negligible and China enjoys a comfortable surplus on merchandise trade, averaging US\$3 million over 1981-83. With strong earnings on invisibles, China has amassed more than US\$16 billion in foreign reserves (as of April 1984), an increase of more than 500% in four years.

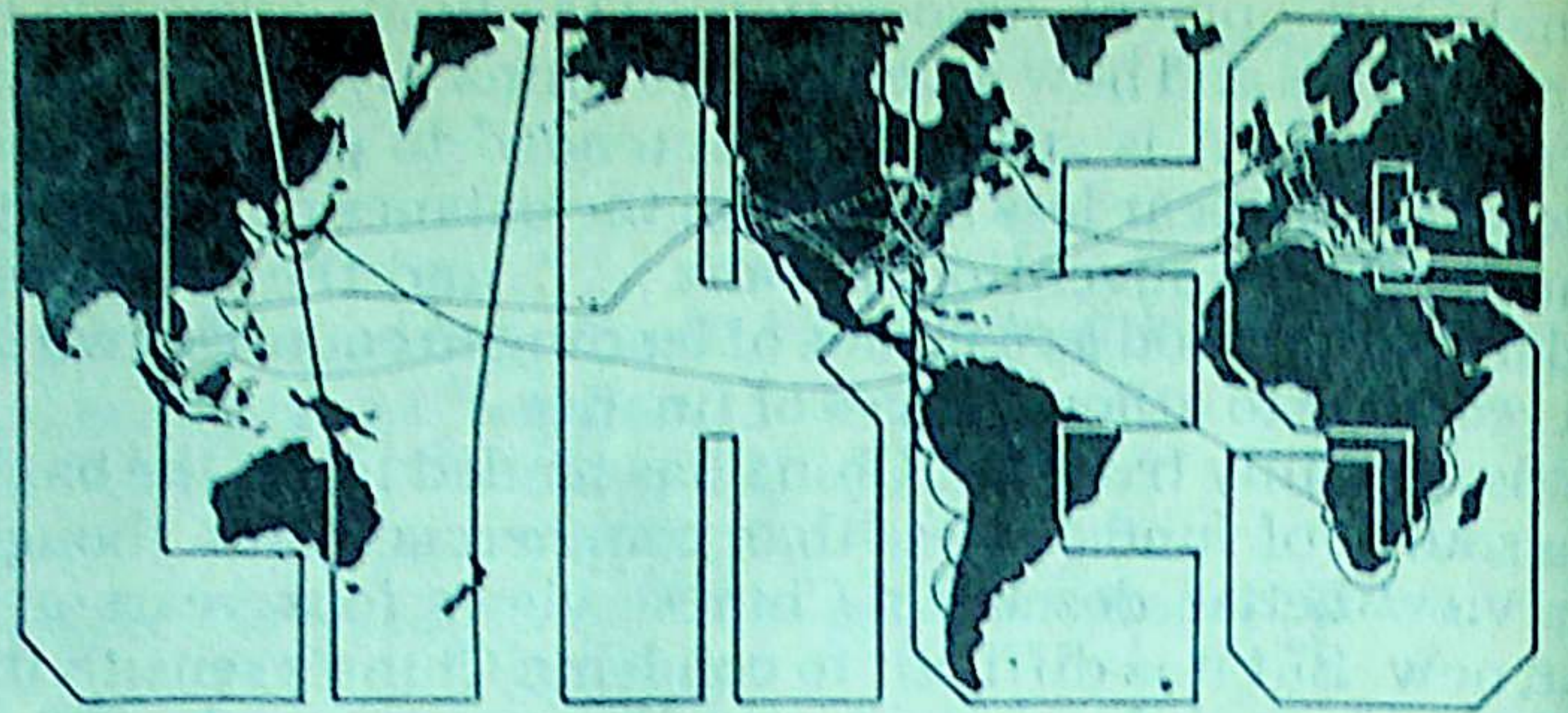
Most important, however, is the startling congruence of the bank's approach to developmental policy with the overall objectives of China's current economic reforms. In 1980-81 a World Bank team produced a comprehensive study of the Chinese economy, *China: Socialist Economic Development*. Although the study was only published in 1983, it was widely summarised in 1981 and has since become the statistical and conceptual basis for all informed discussion of the Chinese economy.

This year, at the behest of Chinese Premier Zhao Ziyang, the bank is undertaking a new review of the Chinese economy, assessing China's prospects up to the year 2000, focusing on inter-sectoral linkages in three provinces, Gansu (low-income), Jiangsu (high-income) and Hubei (middle-income). In addition to financing primary economic infrastructure projects, the bank is playing a striking role in the economic reform. The China Investment Bank was established with the help of the World Bank as an alternate channel to government allocation, making hard-currency investment loans to medium- and small-sized Chinese enterprises. In addition to financial support (US\$70.6 million in 1982 and US\$175 million this year), the bank participated in training personnel and preparation of a manual for project appraisal.

At a time when the bank's resources are constricted and funds available for concessionary lending are particularly scarce, China's large current reserves have inevitably raised the question of why China needs World Bank assistance. With huge reserves, a low debt ratio and an excellent repayment record, it is argued, China is an extremely attractive borrower to foreign banks and should therefore rely on commercial finance, allowing more bank resources to be concentrated on the international basket-cases which can no longer borrow from banks.

This line of reasoning will legitimately be a factor in de-

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Recession forces New Caledonia to fall back on France

More rouge than noir

By Hamish McDonald in Noumea

While New Caledonia drifts towards an early vote on independence, the French Pacific territory is economically a dependent of metropolitan France and is likely to remain so — barring a wholesale exodus of European settlers and the creation of a Melanesian-dominated state of Kanaky. Recession in the territory's key export industry — nickel — has forced it to depend heavily on French aid.

With the prolonged recession in the nickel industry, the territory's main source of exports, New Caledonia has fallen back on infusions of French Government funds, given without great fuss to overseas compatriots. Where New Caledonia had an even trade balance in 1979, the coverage of imports by exports had fallen to 51% in 1983, with the deficit reaching US\$124 million. Figures are not available on the territory's balance of payments, given that bank transfers to and from metropolitan France are not subject to controls by the French monetary authority in the Pacific, the Institut d'Emission d'Outre Mer. "The procedures are not in place for us to collect information so that we could prepare such a document," said Alain Celeste, the institute's director in Noumea.

On the government side, however, the inward transfers are massive. Contributions from Paris make up about 26% of receipts in calendar 1984's budget, which total US\$160 million, and a substantial part of the US\$20 million in borrowings. More than half of the central government's funding to Noumea is to compensate for low revenue from nickel, while much of the rest is a subsidy for primary education.

The metropolitan government is directly responsible for many sectors of public activity. It pays for secondary education and subsidises private schools, pays pensions, the salaries and allowances of about 1,700 central government employees and gives grants to municipalities. The monetary authority puts the total estimated contribution for 1984 at Communauté Française du Pacifique Franc (CFP) 29.5 billion (US\$176 million). This excludes military spending in the territory, which some estimates put at about US\$42 million a year.

This French infusion of the order of US\$218 million is more than double the US\$95 million or so revenue raised locally, chiefly through import duties

and indirect taxes. It also corresponds to about 30% of the territory's gross domestic product, which reached CFP 108 billion in 1982 and which must by this time be around CFP 130 million.

The multiracial aspects of the capital, Noumea, and other towns — the diverse crowds on the beaches of Anse Vata, chatting over wine at an all-night cafe or buying baguettes and cheeses at smart shops — can distract attention from the fairly marginal participation in the territory's economic life of the Melanesian 43% of the territory's 145,000 population.

The Melanesians, or Kanaks as they are more commonly called, are more likely to be sitting in groups on the

grass in the main square than drinking in a cafe. The most recent occupational analysis (for 1976) showed nearly 60% of the 19,300 Melanesians in the workforce as "employers and independents, including family helpers" — meaning subsistence farming and petty trading.

But most of these Kanaks are not in sight of Noumea. They live in reserved lands concentrated along the east coast and the outlying Loyalty Islands. Their brush with the territory's market economy may be sporadic.

The nickel boom diverted interest from other private-sector activity that would have made the territory less vulnerable to a recession in the metal. Agriculture and cattle rais-

Le Nickel digs in

A big French Pacific metal exporter takes advantage of rising prices to modernise and reduce debt

Société le Nickel (SLN), a name once synonymous with boom times in New Caledonia, has been helped back towards profitability by rising exports and a second round of nationalisation. The mining and smelting company is passing through what it hopes is a transition phase — though similar hopes have been expressed during earlier crises since the frenetic years of 1970-72.

Exports of both metals and ores are on the increase after falling for several years. The 1983 shipment of 26,648 tonnes in nickel content of ferro-nickel and nickel mattes was the low point, equal to less than half the metal shipped in 1979 (57,886 tonnes), and a drop of 23% on 1982. Prices, too, were on the decline in 1983, dropping by about 11% — so that the total value of nickel exports dropped 29% to US\$82 million (at present exchange rates).

In the first nine months of 1984, SLN has exported 20,510 tonnes of metal (in ferro-nickel form) at an fob value of about US\$3.86 a kg and 3,104 tonnes (in matte form) at about US\$3.16 a kg. Earnings thus reached about US\$89 million in the first three quarters. A company spokesman in Noumea said he was confident that total 1984 exports would reach 36,000 tonnes of

metal. However, this would appear optimistic, unless the pace of shipments accelerates in the fourth quarter.

Likewise in exports of nickel ore, a revival of demand is apparent. Shipments — mostly to Japan — fell 29% in volume to little more than 1 million tonnes in 1983, and by 17% in price to about 90 US cents a kg of metal content. The current six-month agreement (November-April) between the Japanese buying cartel, Gokokai, and the New Caledonia Miners' Syndicate provides for a modest lift in price to US\$1.10 a kg from the US\$1.04 price applied in the previous six months. Uptake will lift total exports for 1984 to 1.3-1.4 million tonnes. Of this ore trade, SLN has about a third, while the struggling smaller enterprises — Nickel Mining Corp., Tontouta, Sud Pacifique, Noumea Nickel, Georges Montagnat and Société Caledonienne d'Exportation Minière — share the rest.

The upturn comes as SLN looks to better times after a massive restructuring a year ago. Owned since 1974 by two French state-controlled enterprises, Société Imetal and Société Nationale Elf Aquitaine (SNEA), the company last year suffered a loss of Ffr 596.4 million (US\$74 million), follow-

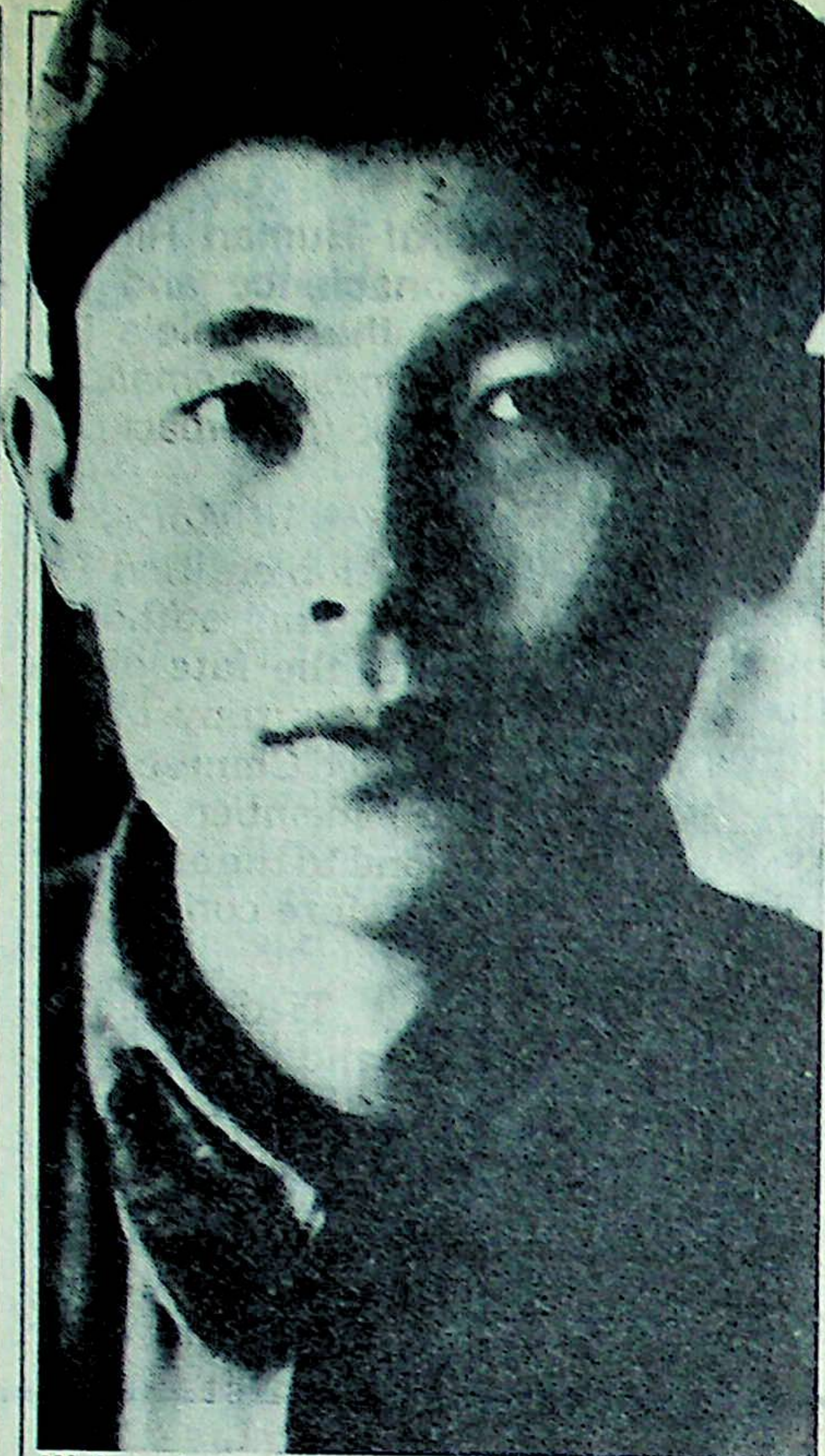
"revolutionary martyr" by the Deng Xiaoping government, which made her case the focus of a major press campaign aimed at highlighting the crimes committed by the Gang of Four. Her execution was labelled not only a "mistake" but a "crime."

In citing the example of Zhang, the Amnesty report seems to be saying that the Chinese authorities have cynically rehabilitated one tragic victim of the Cultural Revolution while perpetuating a system that ensures many more such victims. The report stresses the increased reliance upon the death penalty in the past two years. Laws have been passed since 1982 to increase the number of offences punishable by death and to speed up proceedings in death-penalty cases.

Other aspects of the use of the death penalty that concern Amnesty include "mass-sentencing rallies" to publicise exemplary cases and the parading and public humiliation of condemned prisoners. The report also cites the televising of public rallies held to denounce prisoners prior to execution and notes that Article 155 of the Law of Criminal Procedure adopted in 1979 forbids exposing the condemned to the public.

Amnesty does not hazard a guess concerning the total number of "prisoners of conscience" currently being detained in China. It acknowledges that its information remains incomplete and that efforts to communicate with Chinese authorities have been ignored. Official statements from various Chinese legal and penal authorities, however, suggest that "counter-revolutionaries" at present account for at least 1-2% of the prison population. In announcements made in 1981-82, spokesmen for Peking No. 1 Prison contrasted the number of political prisoners being held there at that time, 3%, with the much higher rates of the recent past — 40% in 1965 and as much as 70% at the height of the Cultural Revolution.

Amnesty categorises the prisoners of



Wei: sad commentary.

conscience of which it is aware into six broad groups which to a certain extent overlap:

► Young workers and students who took part in the "Democracy Wall" movement which started in late 1978. Wei Jingsheng, whose trial in 1979 marked the end of that brief period of liberalisation, is the best known of this category.

► Prisoners detained because they protested against human-rights violations, including arbitrary arrests, or petitioned the authorities about their own grievances. Amnesty cites the case of a lawyer who was arrested and detained by local officials when he tried to have his client's case reviewed. People in this category are usually assigned to carry out "re-education through labour" for up to three or four years.

► Roman Catholic priests. For the

most part, these are priests who refuse to cooperate with the officially sponsored Patriotic Catholic Association which aims at breaking the church's ties with the Vatican. Some of these priests have been arrested and re-arrested many times since 1950. A new series of trials in 1983 resulted in several priests being sentenced to long prison terms despite their advanced ages — 60s, 70s and even 80s.

► Tibetan nationals detained on religious grounds or accused of supporting regional independence. These include people arrested for showing loyalty to the exiled Dalai Lama. Amnesty acknowledges that recent accounts by foreign journalists suggest that the policy of Chinese authorities towards religion in Tibet is more relaxed than it has been in the past.

► People accused of divulging "state secrets" and passing on "secret" information to foreigners. The problem with this category is that such terms as "state secrets" have a much broader meaning than in many other countries. State secrets in China cover, for example, information published in magazines which, though not on sale to the general public, receive wide distribution to political cadres and specialists.

► Officials stigmatised as "leftists" during the rectification campaign conducted within the CCP in 1983. These include people allegedly sympathetic to the "Gang of Four."

This slim volume concludes with a translation of the article *Democracy or a New Dictatorship* by Wei Jingsheng, published originally in the underground journal *Tansuo* in March 1979. "Furthering reforms within the social system and moving Chinese politics towards democracy are the prerequisites necessary to solve all the social and economic problems which confront China today," Wei wrote. It is a sad commentary on the criminal justice system that this article was cited by the prosecution as evidence of Wei's "counter-revolutionary agitation and propaganda" and helped to earn him a 15-year prison term. — JOHN BOYLE

ceral emotion" which the event stirred up.

Even in less totalitarian East Asian societies, fathers usually dissuade their sons from marrying foreigners. The Taiwan sculptor Richard Lin is still affected by his father cutting off family funds when he married first a French and then an English girl. Many such cases occur in Taiwan and Hong-kong, but less consistently in the more cosmopolitan Singapore.

China is a protected society, where foreigners have only very recently begun to penetrate — beyond a few in

the big cities (and always in a closed circuit of carefully guarded hotels). The few pockets of foreign residents inherited in 1949 — the "white Russians," some Jews, a very few Indians — have been systematically flushed out. It has never been as easy or natural as it is now for a Chinese to be able to see himself as entrenched in his Middle Kingdom, not obliged to accommodate other moralities, customs or personality structures.

The visitor from India, Indonesia or Bangladesh will be whisked through the state tourist channels without ever

having sustained natural human contact. If he did, he would probably find, behind the superficial pleasantness, an almost insulting ignorance and prejudice concerning his own culture.

What mattered little in the cosseted China of the 1960s and 1970s will begin to count, however, in the open door, China of the 1980s. There may well be more frequent, perhaps more violent racial clashes and nasty episodes in the years to come, precisely because China is becoming more open to outsiders before having educated its citizens into the niceties of inter-racial behaviour. ■

constantly derided on the streets as 'black devils'."

A couple of Arab students were beaten up in Shanghai a few years ago, accused by an angry crowd of molesting a bus conductress. Later, in the same city several African students were surrounded by thousands of Chinese on the Textile University campus in what one called a "terrifying night" of stoning and abuse.

Last year a Burundi student, wanting a midnight beer long after the canteen had closed, had a row with the staff of a hotel in Peking. Seven of them beat him up and he had to be hospitalised. In this case, as it happened under the government's very nose, the Chinese attackers were at least arrested or disciplined.

Such incidents occur almost annually in China, apparently beyond the control of the government or the party. They are usually prompted, as in other societies, by cultural misunderstandings.

The Africans play music too loud, demand beer after permitted hours or, commonest of all, they date Chinese girls.

No one is allowed to forget the unfortunate case of the Guinean who, very early in the Chinese communist hospitality programme, married a Chinese and took her home. Soon afterwards she was back, indignantly complaining that not only did her husband already have several other wives, but the food in that country was totally inedible.

The Africans deny the story, but it is believed

all over China. Officials still warn girls that prostitution could be their fate if they succumb to African sexual charms. They have been known to send girls to labour camps for consorting with foreign students, one for seven years for one night with a Somali.

Officially a Chinese may marry a foreigner. That has been repeated time after time by Zhou, Deng Xiaoping and others. In practice, however, local officials try to interfere. Perhaps, less educated and cosmopolitan than the higher-ranking officials they are genuinely shocked by the idea. Possibly they feel that they must not

BOOKS

HUMAN RIGHTS

Conscience in chains

China: Violations of Human Rights: Prisoners of Conscience and the Death Penalty in the People's Republic of China. *Amnesty International Publications.* US\$3.95 (paperback).

In a riveting collection of stories on the Cultural Revolution entitled *The Execution of Mayor Yin*, authoress Chen Jo-hsi recounts the fate of the title character with bitter irony. Mayor Yin — a loyal and devoted Chinese Communist Party (CCP) member — had been unable to respond to the arbitrary zealots and was therefore condemned to death.

Tied to a stake and facing the rifles of the execution squad, the mayor shouts out with his last breath: "Long Live the Communist Party! Long Live Chairman Mao!" His captors, unwilling to proceed in the face of such exemplary loyalty to Mao, resolved their dilemma by stuffing a rag into the victim's mouth to silence him in his last moments.

Chen's stories are a mixture of fact and fiction. While there may have been no Mayor Yin, it is clear that the essentials of Chen's story have been replicated in real life in great de-

tail. Amnesty International, the international human-rights organisation, documents one such case in its first book-length analysis of China's record on human rights.

Zhang Zhilin was 45 years old when she was executed for her political opinions in 1975. She had been a cadre in the Bureau of Literature and Art attached to the party's Propaganda Department in Liaoning province until 1969. In that year, at the height of the Cultural Revolution, she was arrested for supposedly slandering party leaders including Jiang Qing, and harbouring doubts about certain party policies. While in custody, she virtually sealed her own fate by arguing with her interrogators and opposing their efforts to remould her thinking.

It was not until 1974 that Zhang was brought to trial. She was first sentenced to life imprisonment but a year later was secretly retried and sentenced to death by "immediate execution."

However, her executioners were fearful that she would follow in the tradition of unrepentant rebels of the past (like the fictional Mayor Yin), and yell revolutionary slogans at those witnessing her death. The method used to muffle Zhang's voice was alleged to have been invented by a forensic specialist at the Liaoning provincial prison a few years earlier and was carried out on no less than 60 people, according to Amnesty International's report. Without anaesthetics her windpipe was punctured with a surgical instrument shortly before she was shot on 3 April 1975.

Although Zhang's voice was silenced, the authorities had not heard the last of her. The Cultural Revolution was coming to an end and wall posters began to appear — first in Shenyang and then in other cities — protesting her fate. In 1979, she was officially rehabilitated and given the status of a



Tibetan in Yunnan: more-relaxed policy. PHOTOS: AP

legitimise such an escape from what is virtually a siege society: that would lower political morale among the stayers.

Li Shuang, the 26-year old wife of French diplomat Emmanuel Bellefroid, was a victim of this gut reaction when she was committed to two years labour education for "improper and hooligan activities" — living in the Frenchman's flat before marriage. So was the Arab boy who took his own life, and his Chinese fiancée's, because the Chinese authorities found the match "unsuitable." And so was the

Chinese fiancée of Franco Cardo, an Italian teacher, as were the scores of couples of mixed race who committed suicide during the Cultural Revolution.

Some marriages with foreigners are allowed, such as that of the sculptor Wang Keping. But the couples find it difficult to live without harassment in China and most of them move to the other partner's country. It is easier where the man is Chinese, though a young American woman who married a Chinese while doing research at Nanjing was surprised by the "deep vis-

its unselfish diligence in sustaining Japan's high growth rate through the critical post-war years. The lifetime-employment and seniority systems, at least in the larger companies and in the national and local civil services, promised to compensate him for the sacrifices he made on the altar of national achievement with rewards of higher status and pay.

But the job security carrot began to go limp about the time of the oil crises in the 1970s when employers discovered that they could no longer afford to pay more and more for the services of workers who become less and less productive with age. Longer life expectancies and later retirement ages, together with lower birth rates, have increased both the number and percentage of older men in the workforce, further undermining the seniority system.

"The early-Showa generation lost its life goals when Japan was defeated," said Hamamatsu University psychiatrist Kenshiro Ohara, well-known for his studies of suicide. "Everything they were told by their parents and older siblings took a 180-degree turn. When

humans lose what they consider most important, they commit suicide." Ohara predicts that this generation may face even higher suicide rates as it moves into retirement, because many of its members have never learned to relax and enjoy life.

Other common experiences in childhood and adolescence may have further exacerbated the early-Showa generation's propensity for suicide. The very same generation was decimated by suicide in the 1950s when its members were in their late teens and 20s. So when they were in the prime of their youth, those who are committing suicide today lost many of their contemporary peers to "the sickness unto death" caused mainly by depression, chronic and acute. Such early experiences of death may even go back to the generation of their parents, which set pre-war suicide records of its own in the late 1920s and 1930s amid of economic calamity and militarism.

"They've worked hard and become affluent," said Ohara about early-Showa men. "But they lose their object in living when, as middle managers,

their diligence goes unappreciated by those above and below them." While this suggests a process of denigration, thinning within a generation which finds itself "used" and discarded, suicide remains a very complex and enigmatic act.

The social and cultural "causes" and "reasons" reported in journalistic and academic accounts of an individual act of self-destruction may well have been contributing or even precipitating factors. Case histories, though, tend to reflect psychological variations that belie attempts to reduce suicide to a purely social or cultural type of behaviour.

If Japan's middle-aged suicides offer any food for thought, it is that devotion and diligence may be life-threatening values when held obsessively and compulsively in the form of excessive self-denial and dependence. It has long been suspected that Japan has been over-producing dedicated but socially dull and culturally rigid businessmen, who lack endo-skeletons, and consequently fall apart when the exoskeleton of the group fails to support their soft mental tissues. □



Minorities in China: ethnic prejudice.

Nevertheless, prejudice against other races comes out especially against the darker-skinned. Black is decidedly not beautiful in China, as communist party officials have found when they tried to persuade young female comrades from the cities to work on the farms under the burning sun, without fretting about the deep tans they would acquire.

The most influential discussion of world racial questions is part of the utopia painted in *Ta T'ung Shu* (1902) by Kang Yuwei (1858-1927). This *Book of Great Harmony* offers a blueprint for the ideal society. Kang was one of the great reformers of his day and one of the first Chinese intellectuals to travel across the world. The white Europeans, Kang said, and yellow East Asians had different qualities. The former were strong, while the latter were wise, so why not smelt them together, the silver and gold in a new master-race alloy?

This charming conceit conceded precious value to both groups, while putting the East Asians a carat or two ahead and leaving all the darker-skinned peoples of the tropical belt implicitly classed as base metal.

Kang struggled to fit the blacks into his framework. In the United States their "slanting jaws like a pig, front view like an ox, . . . stupid like sheep or swine" brought fear to anyone (white or yellow, that is) beholding them. For all the good intentions of Abraham Lincoln "the negroes' bodies smell badly" and so "with the refined beauty of white women and the monstrous ugliness of negro men, to hope for intercourse between them which will transform the race" was vain.

The irrepressible optimist in Kang could nevertheless propose that the darker-skinned (including Indians) be "whitened" through a combination of mixed marriage and enforced emigra-

tion. Because of the blacks' "extreme ugliness and stupidity," the "only solution is to remove them wholesale to Canada, Sweden and Norway, to occupy the empty lands there. This, plus improving their food and clothing, will result in their becoming brown after 200-300 years . . ." Eventually, after 700-1,000 years they might acquire an even lighter pigment and come to smell "as sweet as the white and yellow races."

Nobody would talk like that nowadays, but the underlying feelings of revulsion persist. African students, drawn by official Chinese generosity only to encounter unofficial Chinese hostility, are the worst hit.

"The Chinese," a black woman teacher in China observed, "have not allowed these students to share in their own culture, nor to bring their own culture to China . . . They find themselves isolated, neglected and often objects of disdain, aware that they are



Middle-aged Japanese: feeling left out in the cold.

For many Japanese life comes to an end at 40...

By William Wetherall in Tokyo

In spring this year Japanese headlines proclaimed "record high suicides in 1983." The ensuing articles were classic examples of how numbers can feed preconceptions about suicide in a country where the act is neither as common nor as glorified as people have been led to believe.

According to statistics compiled by the Ministry of Health and Welfare (MHW), 24,970 people committed suicide in Japan during 1983, which topped the previous 1958 record of 23,641. The National Police Agency (NPA), which keeps its own suicide tallies, reported a slightly higher figure of 25,202.

But Japan's population in 1958 was only 92 million compared with 118.8 million in 1983. So there were 25.7 suicides per 100,000 people in 1958 but only 21 in 1983. This is hardly a new record, though it is 20% higher than the 17.5 rate for 1982 when there were 20,668 suicides among a population of 118 million. Yet most newspaper reports concluded from body counts alone that 1983 was the "worst" year for suicide in Japanese history.

The deception becomes even worse when the "crude" suicide rates cited above are adjusted for changes in the age and sex structure of the population. Using the 1935 census population as a standard, the 1958 and 1982 rates are 23.5 and 12.6 per 100,000 people (9% and 28% lower than the respective crude rates), while the 1983 adjusted rate is estimated at about 15 (29% lower than the crude rate).

The greater disparity between the crude and adjusted rates for recent years, compared to 1958, reflects the radical aging of Japan's population during the past quarter-century. Because suicide rates increase with age, an aging population will produce more cases of suicide, and thus higher crude suicide rates, even when the total population and the suicide rates for each age group of the population remain constant.

But reporting official statistics intelligently is a challenge that journalists do not always meet. Hence reports like this, which used MHW statistics: "4,088 men in their 40s committed suicide in 1983 (up 35% from 3,028 in 1982), while 3,558 men in their 50s killed themselves (up 47% from 2,421). This means that 7,646 middle-aged men committed suicide in 1983, or 2,197 (40%) more than the previous year, and about three times the 1973 figure."

The picture is greatly exaggerated because population changes were ignored. While the number of suicides in the 40-59 age group tripled since 1973, the 1983 population for the age group grew by nearly 50%, and so the 1983 rate for the 49-59 age group was only about double (not "three times") the 1973 rate.

Newspapers also abuse numbers in editorials about alleged social problems. A front-page column of the morning edition of one of Japan's "big three" national dailies, based on NPA statistics, recently observed that

"4,891 people 65 or older killed themselves in 1978, while in 1983 the number of such suicides was 5,572; as ever, there are many suicides among the elderly." The editorial went on to discuss the "conspicuous trend towards rushing to death" and attributed "the worst figures in the post-war period" to society's failure to save distressed people who really want to live. What the article should have pointed out is that the 65-and-over population had grown from 9.9 million to 11.7 million during the six-year period mentioned, and that the 1983 suicide rate for the elderly (47.7 per 100,000) was therefore lower than the 1978 rate (49.5).

"Suicide in Japan is widely misunderstood," warned Yasuhiko Yuzawa, a professor at Ochanomizu University in Tokyo who specialises in family problems. "Many people are under the impression that suicide among the elderly has been increasing during the post-war period because the traditional family system and respect for the aged have been lost. But the pre-war rates are much higher than the post-war rates."

Such views fly in the face of an influential 1981 study which criticised junior high-school textbooks for describing positively the post-war trend towards the nuclear (two-generation) family, away from the traditional extended family. The study concluded that the increasing number of elderly who are forced to live alone is to blame for the fact that the suicide rates for Japan's elderly are among the highest in the world. But editorials on the study also failed to note that suicide rates among the aged in Japan, though still high in comparison with many other countries, have declined during the period that nuclear families have increased.

The age-group trends in Japanese suicide rates over the past three quarter-centuries are clear. Suicide rates for most age groups during the post-war period 1947-72 have averaged less than in the 1918-43 period. And the averages over the recent decade 1973-82 tend to be even lower — except in the case of middle-aged men.

Between 1918 and the mid-1970s, the suicide rates for the middle-aged (30-59) of both sexes remained relatively low and fairly constant, while the rates for youth and the elderly — but especially adolescents and young adults — moved up and down, sometimes wildly. Thus Japan's suicide curves, in which suicide rates are plotted against age, have traditionally shown a deep middle-aged valley between the younger and older mountains on either side.

However, since 1945, suicide has decreased among the younger and older age groups of both sexes, particularly among younger women. The rates for the younger groups soared to world highs in the 1950s, but just as quickly subsided to more moderate levels in the 1960s. Gone are the precipitous peaks in the suicide-rate curves for young adults in their 20s, and the steep slopes for adolescents in their late teens.

About 10 years ago, the rates for middle-aged men began to increase, first for men in their late 30s, then for those in their early and late 40s, and now for those in their early and late 50s. Women continue to face relatively lower suicide risks in the middle years of their life cycle, though recent rates have been slightly higher than the average for the post-war years.

So the only real exceptions to the long-term pattern of decreasing suicide rates in Japan are men in their 40s and 50s, who indeed are taking their own lives at unprecedented rates. Among men in the middle decades of their life, the 1983 rate was highest for the 50-54 age group — 55.6 per 100,000 — which broke the 54.3 record set at the height of the Great Depression in 1932.

The trend towards higher rates of suicide among middle-aged men is not new. Last year marked only the most violent eruption of the volcano which began to emerge about a decade ago in what was once a relatively peaceful valley in the middle of the male life cycle — a haven for men who were then more certain of their *raison d'être* in Japanese society, and more secure in their jobs and marriages.

Many of the men who are facing the greater risk of suicide in middle adult years are members of the "one-digit Showa" generation. Such men were born between 1926 and 1935, the first decade of the Showa period. (1984 is officially called Showa 59.) The high suicide rate among middle-aged men is being blamed on the social environment which is generally believed to

have shaped their characters. Middle managers in their 40s and 50s are said to be stressfully sandwiched between the world views of the authoritarian older managers who have dominated their careers, and the carefree younger workers who they in turn must supervise.

But the middle-aged men who are rushing to death have a multitude of problems, not all of which are attributable to the demands of corporate life. After all, the great majority of their contemporary peers have managed to endure the same hardships — long and arduous commuting journeys, overtime and drinking obligations after regular hours, short vacations, assignments and transfers which separate them from their families, and intense competition for management posts. The fact that the victims are likely to be divorced or have domestic problems, or to be in debt over their heads (for reasons and at interest rates that violate common sense), suggests that their grief is caused as much by personality as by culture.

In contemporary culture males of the

early-Showa generation are often ridiculed. They are laughed at and pitied in cartoons and other caricatures which portray them as social curiosities who "eat everything served them, even the grains of rice that stick to the lids of their lunch boxes," in the words of the Japan Socialist Party MP Tetsu Ueda, who was born in Showa 2 (1927) and so passed his youth during the shortages, frugalities, and deprivations of the Depression, the war, and the reconstruction period.

"They don't let the water overflow the bathtub," Ueda continues in the book he edited on the one-digit Showa syndrome. "They are never late for work. They shed tears easily. They can't walk arm-in-arm with a woman. They don't know how to dance. They can't say thanks to their wives. They have a strong sense of filial piety. They don't know many songs when it comes time to sing at pubs and parties. They can't throw away even useless things."

In resorting to suicide, the early-Showa man rules himself out as a useful member to the country he helped to rebuild. His generation is praised for

RACISM

Black and white view from the Middle Kingdom

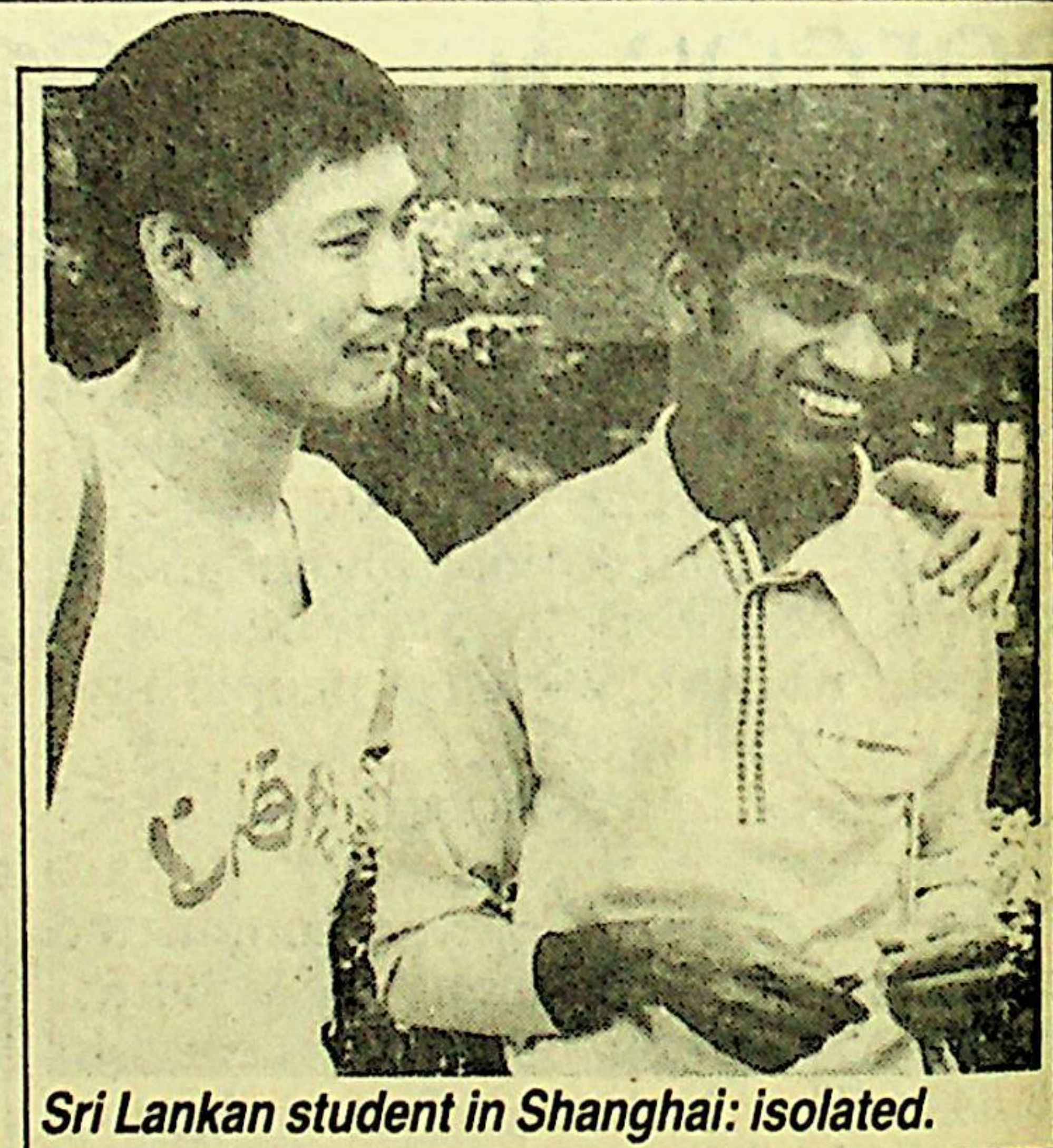
By Dick Wilson

When Watford, pop singer Elton John's English 1st Division soccer team, gave China a 5-1 drubbing in Peking, last year, the British players were surprised to hear an otherwise polite crowd of Chinese spectators booing whenever Watford's two able black strikers — Blissett and Barnes — got possession of the ball.

Martin Amis, the young British novelist (son of Kingsley), was with the Watford team. He asked the interpreter why they were booing, and was told it was to put the black strikers off because they were so good. But, Amis recalled, "the aggression was selective and unmistakable, an incensed submission to the lowest instincts."

Racialism is not a word which the Chinese connect with themselves, and even foreigners can be surprised at the suggestion of Chinese prejudice. The Chinese are so invariably courteous in their international dealings, they still pay out sums they can ill afford by way of economic aid to Africa and loyally support Third World causes in the United Nations and elsewhere.

Yet the smiling mask conceals a disharmony within the Chinese public personality, modern Marxist



Sri Lankan student in Shanghai: isolated.

rationalism having failed to suppress traditional bigotry. The communist leaders, especially Zhou Enlai, endlessly lectured their followers on the need to be nice not merely to foreigners but, even more to the point, to the ethnic minorities within China's borders. Scratch a Tibetan or a Uighur today and you will still get an earful of stories of Chinese ethnic prejudice. And the lectures still go on through China's dutiful media.

China, of course, does not necessarily think in terms of colour, as the Japanese discovered in the war. By dropping leaflets exhorting the yellow races to rebel against the white powers, they merely advertised their own inferiority complex. A Chinese nurse at the bottom of his heart an age-old sense of superiority enabling him to see the world as comprising only two elements — his own Middle Kingdom and the barbarians of all kinds and colours outside it.

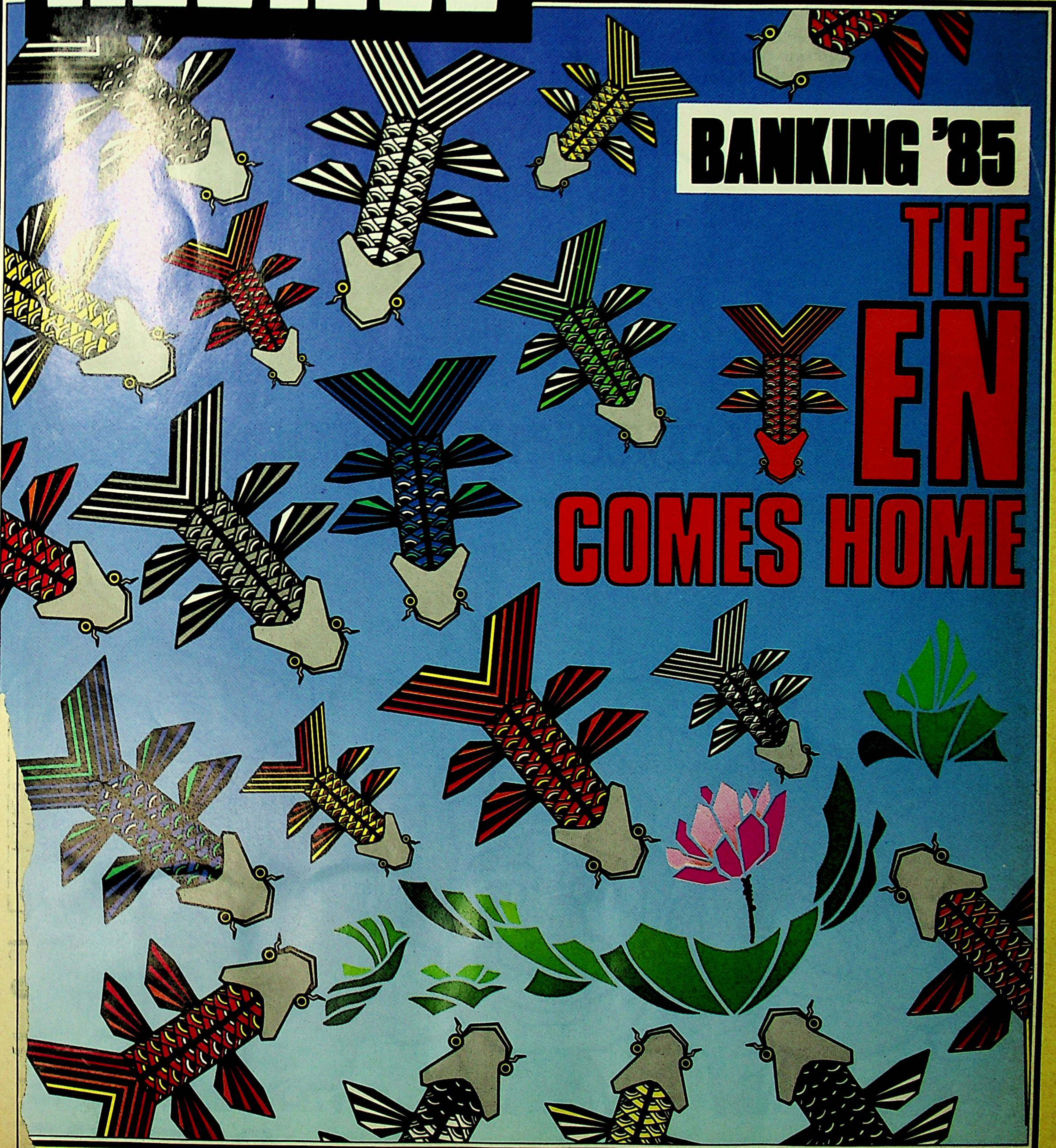
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VIEW

Entrenched positions

Pakistan and India agree to resume a political dialogue but there is no room for change in claims to the divided state

By Husain Haqqani in Islamabad

Pakistan and India have agreed to resume their dialogue and the timetable for future rounds of negotiations will be announced during a visit to New Delhi by Pakistan's Foreign Minister Sahibzada Yaqub Khan scheduled for the end of April. The secretary of the Indian Foreign Ministry, Romesh Bhandari, held preparatory talks in Islamabad in the first week of April and both Indian and Pakistani officials appeared confident about the future of rival proposals for a no-war pact and a treaty of friendship and co-operation.

Negotiations between the two sides were in an advanced stage before being suspended last year amid Indian charges of Pakistani support for Sikh extremists. Pakistan had earlier accused India of fomenting trouble in the southern province of Sindh and of border violations along the control line in

Kashmir to distract attention from domestic problems in Indian Punjab.

"Neither Kashmir nor Punjab became an issue during Bhandari's visit," an Indian diplomat told the REVIEW. "Both governments decided to build mutual confidence and to continue the dialogue despite snags. In the past, we moved too fast on specifics and the absence of general goodwill mean that the slightest problem caused a total breakdown [of the talks]. This time we will proceed from confidence-building to thornier issues."

Indian Prime Minister Rajiv Gandhi's policy of mending fences with neighbours and Pakistan's decision to put Sikh hijackers detained in the country on trial seem to have set the stage for the renewed dialogue.

But the official expressions of goodwill notwithstanding, mutual suspicion between the two countries per-

sists. A major arena for suspicion is the disputed state of Jammu and Kashmir, over which India and Pakistan have fought two wars since independence.

The ceasefire line in Kashmir, determined in 1948 and slightly altered in 1965 and 1971, has been described as the line of actual control in the 1972 Simla Agreement, and India has hinted several times at wanting to formalise the partition of the predominantly Muslim territory.

While Pakistan, too, is not in a position to change the status quo in Kashmir by force, it cannot give up its legal claims for reasons both of ideology and practical politics. No government in Pakistan can afford to be seen as deserting the Muslims of Indian-administered Kashmir and a strong lobby of Kashmiris, including refugees from the other side of the control line, con-

ONE ISSUE: 13 PARTIES

By Husain Haqqani in Muzaffarabad, Azad Kashmir

Legislative assembly elections in Pakistani-administered Azad (Free) Kashmir, scheduled for 15 May, will restore political rule in the territory, but the new government is unlikely to get more autonomy from Islamabad.

A total of 13 parties are eligible to contest 40 seats in the Azad Kashmir assembly, representing Kashmiris in territory acquired by Pakistan in the 1948 war with India, as well as refugees settled in Pakistan. In theory, Azad Kashmir is not a province of Pakistan because of the disputed nature of the state of Jammu and Kashmir, and Pakistan's claim that its status should be determined by a United Nations-sponsored plebiscite.

The objective of the Azad Kashmir government is "the integration of the whole of Kashmir into Pakistan," though it does not claim to be the government of all Kashmiris. Its citizens carry Pakistani passports, mentioning their Kashmiri origin, and most of its budget is provided from Islamabad. The state, however, has a separate constitution, its own president, a quasi-autonomous legislature and a separate supreme court, though its affairs are subject to control of the Ministry for Kashmir Affairs in the Pakistan Government.

When martial law was imposed in Pakistan in July 1977, the Azad Kashmir legislature was suspended and an appointed president has run the administration since. Political parties have remained legal, however, and fundamental rights were not suspended nor martial law imposed. The forthcoming elections will be the first in Azad Kashmir since the 1975 polls, held among allegations of rigging in favour of the Azad Kashmir People's Party (AKPP)—an offshoot of late prime minister Zulfikar Ali Bhutto's Pakistan People's Party (PPP).

The AKPP is boycotting these elections and has refused to register under an amended Political Parties Act. Its supporters are likely to back the Azad Kashmir National Alliance (AKNA), comprising five Kashmiri parties, formed to counter the influential All Jammu and Kashmir Muslim Conference (AJKMC) led by Sardar Abdul Qayyum, the first elected president of Azad Kashmir.

The AJKMC held power in Azad Kashmir from 1948 to 1959. It was the Kashmiri ally of Muhammad Ali Jinnah's Muslim League and demanded Kashmir's accession to Pakistan before partition. It still claims to speak for all Kashmiris, takes credit for the 1948 struggle which secured Azad



Pakistani troops in Azad Kashmir: vigilance.

Kashmir for Pakistan and insists on autonomy for the Pakistani-administered area to create a base for the "liberation" of Indian-administered Kashmir. When a presidential election was held in 1970, after several years of Pakistan-appointed presidents, Qayyum won against K. H. Khurshid, a friend of Indian Kashmiri leader Sheikh Abdullah and a former supporter of an independent Kashmir whose Kashmir Liberation League is now part of the AKNA.

Qayyum's government adopted an Islamic fundamentalist position in domestic matters and its independent stance annoyed Bhutto, who dismissed his government and formed a branch of the PPP in Azad Kashmir, bringing Pakistani political parties into the state directly for the first time. Qayyum joined the opposition Pakistan National Alliance in 1977 and supported the anti-Bhutto

volved (owners, tenants, and City Hall) came to settlements which they expect to be final. Both owners and tenants have received the best compensation in monetary terms so far, but for the people, according to Brennan, it is not a great victory. "Throughout we've worked to make it possible for people to stay after the development, but according to this settlement, maybe a third can afford to do so."

When City Hall agreed to the concessions, it stressed its sense of moral duty to the poor, but refused to recognise the squatters' legal claims.

This will not prevent more Mokdongs. To many, the government's rationale — that it is trying to build houses to alleviate the shortage — is enough. However, it seems that one aspect of the country's Confucian approach to government, which often neglects to consult with the public before policies are put into practice, is partly at fault in this case. No one in the city administration from the mayor downwards is elected. They are answerable to powers above rather than below, and there exist few channels for communication from the people to the government. □

the congress' Easter recess. The two versions of the bill go to the senate and House floors, respectively, for debate and then into joint conference to iron out differences between the versions. Well-placed senate sources who criticised the aid move as "useless tokenism" said the administration's endorsement of the Solarz initiative is likely to tip the balance on the senate floor in favour of the aid, though there continues to be scepticism on both sides of the aisle.

Solarz also sponsored a move to cut military aid to the Philippines, something the administration strongly opposes. In its turn the House foreign affairs committee, over protests from Shultz, reduced in its version of the bill a US\$100 million administration request for military aid to the government of President Ferdinand Marcos to US\$25 million. But under the proposal, US\$60 million would be added to economic aid. Total aid to the Philippines, under the package, would be reduced to US\$260 million from US\$280 million for fiscal 1986.

Solarz argues that an increase in military aid would "send Marcos the wrong signal." But Shultz, in a letter to House foreign affairs committee chairman Dante Fascell said: "This drastic change in the mix virtually ignores the gravity of the growing communist insurgency in the Philippines."

As rent for US air and naval facilities in the Philippines, Washington has pledged to make its "best effort" to provide US\$425 million in military aid and US\$475 million in economic aid over a five-year period. The congress cut the current fiscal year's military-aid request to US\$40 million from US\$85 million. During senate testimony, Assistant Secretary of Defence Richard Armitage conceded that "the jury is still out" in regard to efforts to reform the Philippine military so as to deal with the growing communist presence. But Armitage stressed that under the command of acting armed forces chief of staff Gen. Fidel Ramos, some reforms have occurred. He added that the US administration's US\$100 million aid request is all for non-lethal aid.

There is no military-aid cut pro-

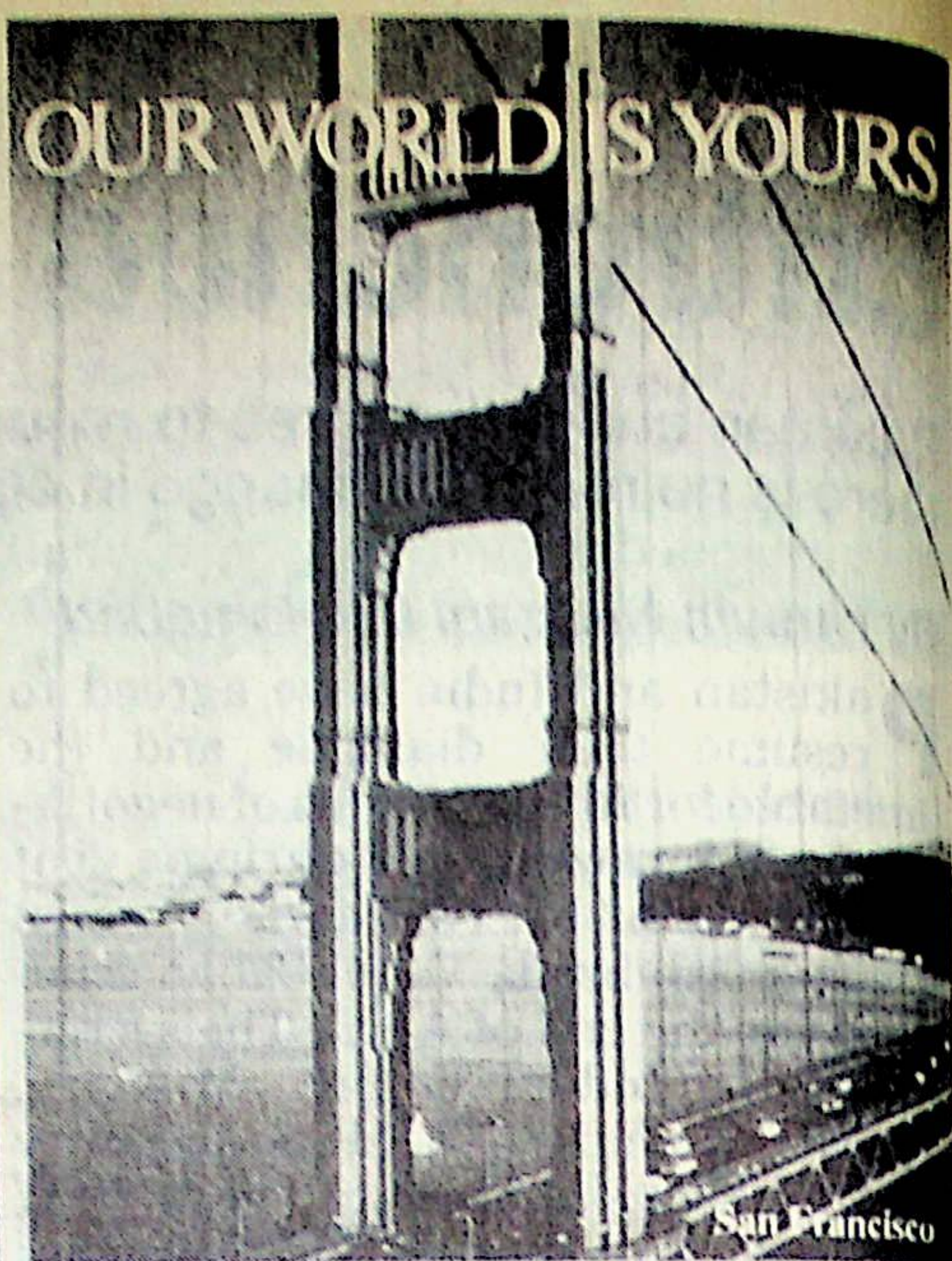
posed in the senate version of the bill. But sources in both houses of the congress and in the administration said they expected the military-aid request for the Philippines to be cut. "There's no question that the military aid will be cut," a congressional aide said, adding: "The question is by how much." A State Department official said he expected the final military-aid figure to be "about US\$50 million." Most of the rest of the aid programme, including a new two-year US\$90 million food-aid package linked to agricultural policy reforms, will likely remain intact.

Yet another Solarz proposal is aimed at Pakistan, though Pakistan was not mentioned by name. In response to recent disclosures involving a Pakistani national who was arrested when he tried to smuggle krytrons — switches used in nuclear weapons — out of the US, Solarz offered an amendment to the aid bill. The amendment would ban US aid to any country which "exports illegally or attempts to export illegally" from the US any "material, equipment or technology" for use in the manufacture of a nuclear device.

The Solarz proposal has been adopted by the full House foreign affairs committee and its senate counterpart. State Department officials said the administration does not oppose the amendment.

The Reagan administration's aid request also includes an estimate of fiscal 1986's arms sales to Taiwan. The estimate reflects Washington's policy to "phase down over time" such sales in accordance with the August 1982 US-China joint communique. Arms sales to Taiwan which involve US foreign military sales credits are estimated at US\$640 million, and direct commercial sales are listed at US\$100 million — totalling US\$740 million for fiscal 1986. The fiscal 1985 total was US\$760 million and the previous year's total was US\$780 million.

US officials emphasised that the figures are "a very rough estimate of what will happen 18 months later." A State Department official said the slight decline in the value of the arms sales was "not induced by a policy shift" towards the government in Taipei.



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tinue to demand a tough stance on the issue. India, on the other hand, claims the entire territory on "legal and juridical basis" and a deal on formalising the existing division would be, in the words of an Indian journalist "a concession for better relations."

Last year, several border clashes were reported from the control line. The worst took place over the Siachin glacier, in the northeast of Azad (Free) Kashmir, as the Pakistani-administered area is known. The glacier lies in an area where the frontier was left undemarcated, partly because the region is snow-bound for most of the year.

The original ceasefire agreement stipulated only that the ceasefire line would run north beyond the last demarcated point — interpreted by the Indians to mean north in a straight line on the map. Pakistan, however, under-

stood the agreement to mean that the ceasefire line would continue to run north in the same general direction as the rest of the marked interim border. And, until last year, Pakistani troops held regular exercises in Siachin when the area was accessible during the summer.

Last year, an Indian Army contingent also appeared over the glacier, leading to a clash and both sides dug in for the winter for the first time. Pakistani officials say there is no reason to accept the Indian interpretation of the original ceasefire arrangements because for three decades the Indian Army did not lay claim to Siachin.

Indian sensitivity on the subject is attributable to New Delhi's apprehensions over Sino-Pakistani military collaboration: Siachin is close to the

Chinese border and Pakistani control over the territory would facilitate joint military action.

"Fighting over Siachin was clearly motivated by political rather than territorial considerations," observed a Western diplomat in Islamabad. "It flared up when Indo-Pakistani relations were at a low ebb and now that relations are on an upward swing, there is no fighting." Pakistani officials say local commanders are holding discussions to resolve the dispute and they do not expect fighting this summer when mobility in the area increases.

Officials of the United Nations Military Observer Group in India and Pakistan (UNMOGIP) told the REVIEW that minor clashes along the Kashmir border were fairly frequent until November and clashes were reported

as recently as February. But there have been no reports of military action along the control line recently, and India, which was said to have bolstered its troop strength in Kashmir to almost two-fold last year, has brought it down to normal levels. Pakistan, too, has pulled back extra forces brought in last year.

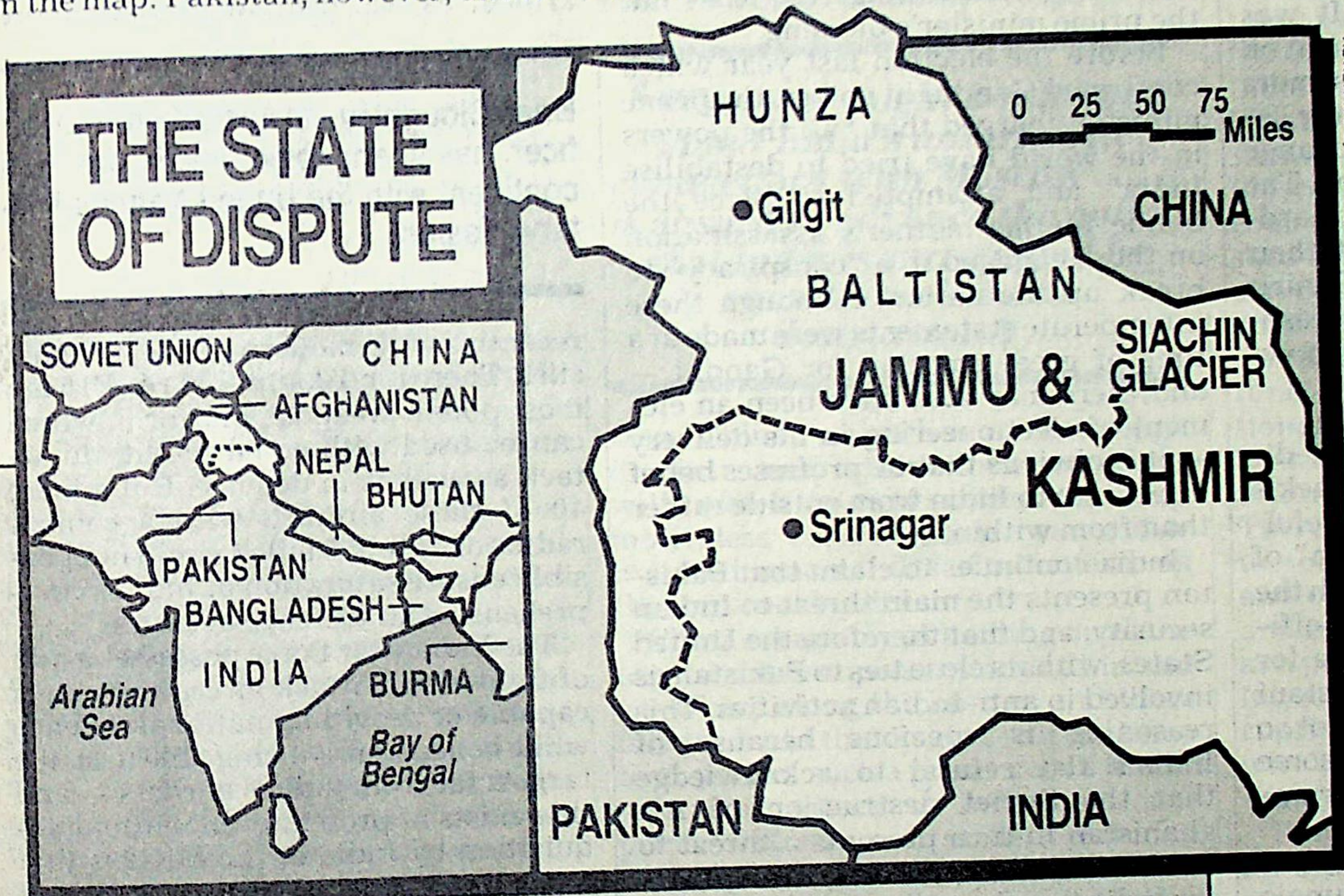
UNMOGIP's limited contingent has most access to the control line through Pakistan. Their observer role in the Indian-administered territory is restricted to Srinagar or parts of the border where the Indian Army can escort them. Pakistan accepts the UN presence mainly because it confirms the disputed nature of Kashmir, while India maintains the state is an integral part of the Indian union and refuses to ac-

knowledge the need for international mediation. According to Pakistani officials, UNMOGIP serves as a reminder of early UN resolutions calling for a plebiscite in Kashmir.

India claims all territory ruled by the Maharaja of Kashmir on grounds of his accession to India at the end of British paramountcy over Indian princely states.

Pakistan, on the other hand, considers the northern areas of Baltistan, Hunza and Gilgit as being separate from the state of Jammu and Kashmir, which it considers disputed territory, the status of which should be determined through a UN-sponsored plebiscite. Owing to Kashmir's Muslim majority, a pro-Pakistan vote is considered inevitable by Islamabad.

Pakistan rejects the accession to India by the Hindu Maharaja of Kashmir, whose forefathers acquired the state by purchasing it from the Sikh rulers of Punjab, saying it does not take into account the wishes of



agitation which led to martial law.

His party initially supported the opposition Movement for Restoration of Democracy but pulled out after accusing it of terrorist methods and has since been close to the regime of President Zia-ul-Haq.

Parties opposed to the Muslim Conference accuse the Azad Kashmir president, retired major-general Abdul Rahman, of favouring the AJKMC.

Two days after announcing the election date, the government amended state laws to provide for the elimination of any party which fails to secure 12% of the total vote as well as 5% of the vote in each district. Of the 13 Kashmiri parties, only the AJKMC is likely to be able to meet the qualification with ease.

The components of the AKNA are registered as separate parties, and while their combined strength would have secured them several seats, they will have difficulty meeting the minimum vote requirement individually.

The alliance is now demanding registration as a single group so that it does not lose on technical grounds.

The government's preference for the AJKMC is basically because it is dedicated solely to the reunification of Kashmir and its integration with Pakistan, above all other issues. Muhammad Hayat, leader of the AKNA and a former president, maintains there is no dispute over the eventual integration of Kashmir with Pakistan, but representative institutions are needed to justify a separate quasi-constitution.

None of the Azad Kashmiri leaders are prepared even to consider formalising the partition and most claim to have cross-border links with pro-Pakistan groups. "Some of us may want an independent Kashmir, while others want an autonomous union with Pakistan, but nobody wants permanent partition or Indian occupation," one Kashmiri politician told the REVIEW.

India's 'conspiracy'

the state's Muslim population. To puncture India's claim based on accession, official Pakistani maps still show the tiny princely states of Junagadh and Manavadar on the southwestern Indian coast, as part of Pakistan. The Muslim princes of these non-Muslim states had acceded to Pakistan after partition though they are in India and were never ruled from Karachi or Islamabad.

With elections in Pakistani-administered Azad Kashmir scheduled for 15 May, Azad Kashmiri political parties have launched their campaigns on staunchly anti-Indian platforms.

One of the issues in the election is the re-opening of cross-border travel facilities for Kashmiris which existed in the early post-independence period but have completely disappeared since the 1965 Indo-Pakistan war.

A Pakistani official said: "It was easy to have a flexible arrangement on the Kashmir border in the 1950s, more or less similar to the flow on the Israeli-Jordan border, without a change in the legal or political positions. The Indian stand has considerably hardened now and we can't accept their right to issue visas for Azad Kashmiris to visit [Indian-administered Kashmir] because that would be acknowledging their sovereignty."

The Pakistan Government has directed the official media to tackle the Kashmiri election campaign carefully. While demands for "liberation" of Kashmir are not incompatible with the Pakistan Government position, officials emphasise that use of force for this purpose is not part of Pakistani policy. Kashmiri politicians are not so guarded in their rhetoric and some even talk of compulsory military training for Pakistani Kashmiris.

President Zia-ul Haq and Prime Minister Muhammad Khan Junejo have referred to the peaceful resolution of the Kashmir problem as a major policy objective in recent speeches. Foreign Ministry officials deny that Pakistan's raising of the Kashmir issue contradicts its desire to establish friendly relations with India. "Kashmir is the only outstanding dispute between the two countries," one official said. "We are in no hurry to raise it but it will have to be solved some day. For the moment, we are content with tackling other problems and developing bilateral relations to a point where Kashmir can be discussed on a concrete basis."

Although Bhandari did not discuss Kashmir during his recent visit, he alluded to it at his pre-departure press conference. Asked if the Pakistani proposal for a no-war pact had been shelved, he said: "No, it has not been shelved. In fact, nothing has been shelved," hinting that the two countries were willing to discuss all problems and disputes — including Kashmir.

Many observers of the Subcontinent had hoped that the emergence of Rajiv Gandhi as India's prime minister might result in some moderation of New Delhi's pro-Soviet line, which was so much in evidence during his late mother's rule, but it seems that this is not to occur. It appears, indeed, that India could be placing even more reliance on the Soviet Union, with which Gandhi sees "a strong relationship," and that India's anti-American posture — adopted and fostered in a more-in-sorrow-than-in-anger style — has the prime minister's blessing.

Before the election last year which confirmed Gandhi in power, the prime minister charged that "all the powers in the world have tried to destabilise India" and attempted to place the blame for his mother's assassination on those engaged in a "conspiracy" to break up the nation. Although these intemperate statements were made at a time of great emotion for Gandhi — and there may also have been an element of electioneering in his delivery — it is obvious that he professes belief in a threat to India from outside rather than from within.

India continues to claim that Pakistan presents the main threat to Indian security, and that therefore the United States, with its close ties to Pakistan, is involved in anti-Indian activities. This reasoning is specious because of India's flat refusal to acknowledge that the Soviet destruction of Afghanistan in turn presents a threat to Pakistan. It is apparently acceptable for India to indulge in a mammoth programme of arms acquisitions, but totally wrong for Pakistan to replace its equipment while faced with a malevolent superpower at its very doorstep.

Indian Defence Minister P. V. Narasimha Rao said in a speech in March that the security of his country is threatened by Pakistan's "military posture," China's "dilly-dallying" on its border dispute with India and Bangladesh's "non-cooperative attitude" in regard to India's unilateral construction of a border fence between the countries. It may be edifying to examine each of these statements — made, after all, by a senior government minister and therefore a reflection of official policy — to determine the degree of threat that might be implicit in the actions and stances of India's neighbours.

First, Pakistan. There has to be a degree of paranoia inherent in a nation which considers itself threatened by a country whose population is only about 12% of its own. Even if Pakistan

were so ill-advised as to attack India, could any military analyst conceive a Pakistani victory? Rao and his advisers are well aware of the quantity of weapons that Pakistan is receiving from the US. Even if this quantity were quadrupled, Pakistani forces would not even achieve parity with those of India.

The Indian theme, harped on by its defence minister, revolves around the Pakistani Air Force's partial re-equipment with 40 F16 fighter aircraft to be armed, as has been announced more

Brian Cloughley, an Australian army officer, has spent some time in the Subcontinent with the United Nations Military Mission.

recently, with modern air-to-air missiles. There is no doubt that the F16 is a most potent weapons platform, which can be used with equal facility in attack as well as in defence. But a mere 40 of these aircraft, with a combat radius of only 575 miles, could not possibly ensure saturation of India's comprehensive air-defence network.

The Indian Air Force possesses a mix of fighter and attack aircraft which is capable of providing national defence while concurrently being able to strike targets far from India's borders — and this exists at present even without acquisition by India of the MiG29s that have been ordered from the Soviet Union.

Rao went on to say in his speech that Pakistan has no need to acquire "sophisticated sea missiles" because it has no sea border with Afghanistan. This must rank as one of the most ingenuous statements by a defence minister in recent times.

The Indian Navy has undertaken a mammoth expansion programme over the past five years. This has included purchase of Sea Harrier fighter-attack aircraft and Sea King helicopters from Britain — the latter being armed with Sea Eagle anti-ship missiles — cruisers and destroyers from the Soviet Union and West German-designed attack submarines, two of which are being built in India. India's present holding of eight Soviet Foxtrot class submarines is about to be replaced by more modern Soviet models, and more destroyers are on order from the same source — in addition to Indian construction of Godavari class frigates.

By the end of 1986, India will have some 40 major surface ships in its navy



Rao: reflecting official policy.

as well as a dozen modern submarines and an impressive array of missile-armed fast-attack craft. Moreover, there are plans to expand the force of landing craft which will give India, with its carrier battle group, the ability to deploy military units throughout the region with impunity.

While Pakistan does not have a sea border with Afghanistan, there is little wonder that the Pakistani Navy — a small force of eight elderly destroyers and six submarines — is at least attempting to modernise its fleet. For India to claim that this updating could possibly present the powerful Indian Navy with a threat is ludicrous.

The strength of Pakistan's armed forces totals rather less than half that of India. In terms of combat readiness both countries are at the same pitch, but it must be obvious to even the meanest intelligence that for Pakistan to attempt a military conclusion with its massive neighbour would be to court national suicide. Whether or not India likes to recognise the fact, there are at least 120,000 Soviet troops, armed to the teeth, within two days' march of Islamabad. There have been serious violations of Pakistan's territory by aircraft based in Afghanistan, and the Soviet Union has warned that its patience is being exhausted by mujahideen forays into Afghanistan from camps in Pakistan.

It is a curious example of double standards that India should choose to ignore the bullying menace of the Soviet Union in Asia while making it clear that the country being directly threatened should not take any steps in self-defence. India is, after all, the leader of the non-aligned movement — but perhaps there are degrees of non-alignment.

Rao's statements on China are understandable in purely chauvinistic terms. New Delhi's stance on its territorial dispute with Peking has been uncompromising, and the defence minister's predecessor, S. B. Chavan, stated in September 1984 that "Aksai

Chin has always been a part of Jammu and Kashmir [state], and there is no possibility of our making any concessions on that count during border talks." How Rao could equate this with alleged Chinese "dilly-dallying" is absurd, but what is even more preposterous is his claim that the Chinese position poses a threat to India's security.

India's fear of China, while genuine enough, is only peripherally linked with the border issue. What India is concerned about is the possibility of China becoming involved in an Indo-Pakistani conflict — and such apprehension may well be justified. But so long as India does not begin a war with Pakistan, it has nothing to fear

‘Whatever might be claimed about India's unfortunate connections with Moscow... it is absurd to advance the notion that India is surrounded by enemies seeking its destruction.’

from China, which has quite enough domestic and international problems with which to cope without seeking motiveless confrontation over a few hundred square miles of mountains on their mutual border.

China is capable of holding on to the territory it occupies in Aksai Chin and elsewhere along the border, and there is little doubt that Peking will continue to do so. But such a presence is a threat only in its effects on Indian national pride. But national pride, combined with the will and wherewithal to display it, is a prime determinant of conflict, and India may well be giving China a signal that some concessions on the part of China are being sought in their dispute.

Rao has claimed that the attitude of Bangladesh over the Farakka Barrage issue has been responsible for lack of a solution to the dispute and that India had reluctantly taken action to seal the border because of the influx of Bangladeshi refugees. While there is little doubt that the Farakka affair could have been resolved before now, it is hardly a *casus belli* and does not present any sort of threat to India's security.

India decided unilaterally in August 1984 to begin construction of a physical barrier between its territory and that of Bangladesh, and there is nothing in international law to prevent any state from taking such action. The motive for building the fence is rational in that India cannot afford such numbers of poverty-stricken refugees to affect its economy and sought a

means of preventing them from entering Indian territory. But for India's defence minister to claim that his country's security is threatened by an attitude of non-cooperation in the matter on the part of Bangladesh is nothing short of humbug. India's self-imposed position at the peak of the moral high ground is no longer tenable, and government ministers would do well to avoid attempts at justifications of actions that smack of intolerance and coercion.

Rao managed in his speech to involve Sri Lanka, Israel, the US and Britain in his roundup of bogeymen who were "causing concern" to India. Not a bad effort, but can he seriously believe that these countries pose a threat to India? Or that they wish to see democratic India lapse into confusion and chaos? Whatever might be claimed about India's unfortunate connections with Moscow — which escaped adverse comment in his presentation — it is absurd to advance the notion that India is surrounded by enemies seeking its destruction.

India should realise that there is a fund — in abundance — of international goodwill directed towards New Delhi. There is admiration for technological expertise and growth. There is sympathy for India's attempts to solve problems of health, poverty and over-population. There is respect and esteem for the new prime minister as a person and approval of his reforming zeal and his desire to eradicate corruption and political chicanery. So why must India keep looking in dark corners for evil goblins?

It may be politically inconvenient for India to acknowledge that Pakistan is truly apprehensive about the Soviet Union's brutal conduct in Afghanistan, and its antipathy to Pakistan's military modernisation is explicable in purely historical terms. But how much more evidence does India require of Soviet oppression and intimidation for it to admit — even tacitly — that US aid to Pakistan is not directed against India? It should be remembered that the US House of Representatives' subcommittee on South Asia was told recently by Assistant Secretary of Defence for Near East and South Asian Affairs Gen. Kenneth D. Burns that "we think that we can play a reliable, mutually advantageous role in aiding India to modernise its forces." This is hardly a throwaway line in such a forum.

Rao and other Indian leaders should be more positive in their approach to India's security. While in this age no country can be assured of regional stability, there is no reason for such a powerful nation as India to indulge in ingenuous self-persuasion concerning "enemies" who seek its downfall. ■

Black-money market

Prime Minister Rajiv Gandhi seeks to control corruption of officials and politicians, but critics say his efforts will be to no avail

By Mohan Ram in New Delhi

True to his "Mr Clean" image, Prime Minister Rajiv Gandhi has taken yet another decision he hopes will help launder India's murky political system. Having successfully initiated legislation in January to prevent the switching of party allegiances for financial or patronage reasons, his government has now decided to legalise company donations to political parties. Such donations had been driven underground by a ban in 1969, but in the process the nexus between money and politics was reinforced. The ban is being revoked, according to Finance Minister Vishwanath Pratap Singh, to enable the corporate sector to play its "legitimate" role in politics "within defined limits."

But India's milieu of political corruption has compounded the impetus for the generation of "black money," with consequences that go far beyond company donations to political parties. The dependence of political parties on big business originates in the country's electoral system: money is needed to put up candidates and to grease the party machinery. The law sets a limit on a candidate's spending: from an absurdly low ceiling of Rs 40,000 (US\$3,250) it was raised a few years ago to Rs 135,000. An average-sized constituency has some 700,000 voters and the permitted spending is not enough even to send a postcard to every voter.

However, there is no limit to how much a party may spend at election time, in addition to what individual candidates are allowed. And party funds are not open to audit. A party in power, therefore, has an enormous advantage. It can raise funds from business interests legally or illegally, openly or surreptitiously — using its powers of patronage.

In relatively backward rural areas, powerful individuals control the votes of caste or interest groups; these are known as vote banks. Those who control vote banks can ensure bloc support for one party or another in return for money, some of which might go to the voters. Or the ruling party can directly offer material inducements to voters in the form of cash or gifts. With the shrinkage of the Congress party's electoral base since the 1960s, its spending on elections has grown.

At the moment it is trying to refute the charge of the Bharatiya Janata Party that it spent around Rs 5 billion at each of two successive elections — in December 1984 to parliament and in

February 1985 to 11 state legislatures. Independent estimates place the spending at Rs 2 billion for each of these elections. It is obvious that this money could not have been raised in the form of small contributions from the public, considering that 51% of India's population is living below the poverty line.

Alongside huge election spending, corruption has been injected into the system on a large scale. Where everything is scarce, a complex thicket of regulations, controls, licences and permits breeds both bureaucratic and political corruption. Officials who in the days of British colonial rule used to be



Singh: corporate legitimacy.

paid only bribe money now expect cuts on major deals involving state spending or in the allocation of scarce resources or licences for profitable imports, exports, distribution or production. The cosy relationship between business interests and top bureaucrats is only one aspect of corruption. But a bureaucrat has to carry his minister along with him on a crucial or controversial decision. So the cut sometimes has to be shared.

Politicians in power are in the habit of looking to business houses as the principal sources of personal wealth in return for favours. But the politician needs the help and connivance of the bureaucrat so that he has someone to provide an alibi for any irregularity and defend it in the event of a controversy later. The business houses for their part find it useful to carry the bureaucrat and the politician along so

that decisions are taken quickly in their favour.

To the politician, money is both the input and output of politics. He is in politics mainly to make money, so he has to make some direct investment in politics — in addition to what the party spends on him in elections — to get more money out of the system.

Those who fund the political elite out of "black" earnings have to make some black money for themselves, too. So out of necessity, the politicians have to wink at black-money operations. The 1969 ban gave the companies an added alibi for black-money generation. All company funding of politics and politicians became under-the-table in nature.

The removal of the ban is not expected to make much difference. Companies already have vast accumulations of black money and are likely to use it to influence decision-making. In any case, individual politicians can be paid only in black money, and there will be a limit on open donations to parties because they will have to come

out of what the company puts forward as post-tax profits, which may be understated.

It has been suggested that a limit on open donations and a limit on what a party may receive might reduce the influence of money on decision-making. But this, in effect, might strengthen the role of money power in politics. What is shown on the books may not reflect the real generosity of a company towards a party. Payments might still be made

in black money, outside the permitted limits.

Gandhi has not only promised a clean public life but also the eradication of the black-money evil. An opposition politician has described him sarcastically as India's "new political detergent." All his mother, the late prime minister Indira Gandhi, could do about black money was to ask the National Institute of Public Finance, a research organisation, to make an assessment of the extent of black money's role in India's economy. Its report is now being prepared. Gandhi has indicated a three-pronged drive against black money — attack on its sources, a scheme to enable its conversion into "white" money for investment in priority sectors of the economy and deterrent punishments for tax evaders. A clean public life depends largely on the outcome of this drive, yet to be launched.

Sihanouk stonewalled

A French initiative to get talks going with the Vietnamese is prevented by the Khmer Rouge and China

By Nayan Chanda in New York

A quiet diplomatic initiative under which Cambodian Prince Norodom Sihanouk would have secretly met special envoys of the Vietnamese and Heng Samrin-led Cambodian governments in separate encounters in Paris in November has been torpedoed by China and its Khmer Rouge allies. China has also forcefully rejected an Asean suggestion about removal of some of the notorious Khmer Rouge leaders from the scene to facilitate a political settlement on Cambodia.

The REVIEW has learned that recently a French diplomat, a specialist on the Indochina question, was secretly despatched to Phnom Penh to arrange a meeting between a Samrin representative and Sihanouk, president of the Democratic Kampuchea coalition. Asked about this during an interview here, Sihanouk confirmed that France indeed had made the arrangement, but that he had expressed regret that he would not be able to meet Hanoi and Phnom Penh representatives due to opposition from his Khmer Rouge partners and China.

"It is not the fault of the French," the prince said. "It is my fault because I have always told the French, 'I am a man of dialogue, I will talk to anybody.'" The French communicated this to the Vietnamese and Samrin regime and obtained what Sihanouk called "a remarkable thing — a readiness on the part of Heng Samrin to send somebody to meet me in Paris at a date of my choice."

The Vietnamese also agreed to send an envoy to see him secretly. "I told the French that I was ready not for a negotiation but an exchange of views between adversaries like [that between former secretary of state] Henry Kissinger and [Vietnamese politburo member] Le Duc Tho."

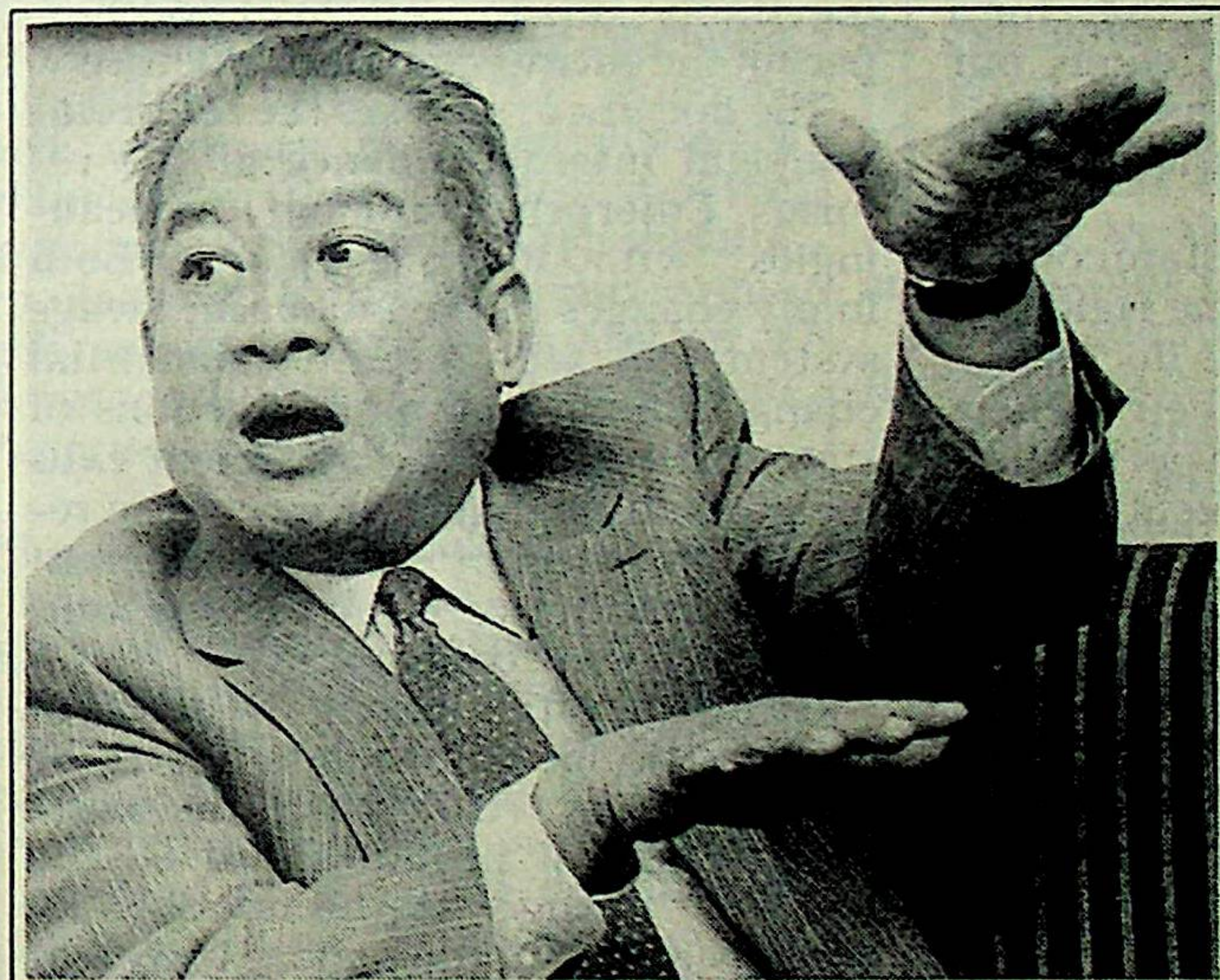
But once arrangements were made for Sihanouk to meet the envoys, he said, he wanted to act in good conscience and appraise his coalition partners and supporters of the planned encounters. The Khmer Rouge vice-president of Democratic Kampuchea, Khieu Samphan, clearly told Sihanouk that such meetings would be "very bad, very damaging to the cause of the coalition."

Chinese President Li Xiannian, whom he saw in Peking in early October, also expressed his opposition, albeit indirectly, by saying that Vietnam was trying to split the Cambodian coalition. "So, finally I think," Sihanouk said in an interview, "I am going to ex-

cuse myself to France, to Hanoi and Phnom Penh [for my inability to meet] because the fruit is not yet ripe."

The failure of the Paris initiative appears to be a blow to Asean, which was in favour of Sihanouk's contact with the other side as helpful in its search for a solution to the Cambodia problem. During their annual meeting in July the Asean foreign ministers formally endorsed Sihanouk's idea of national reconciliation as essential for any enduring political settlement.

"National reconciliation," an Asean official explained later, is a code-word for inclusion of the Samrin group in a power-sharing arrangement in Cambodia. At a closed-door session the ministers also discussed the need for



Sihanouk: 'a man of dialogue.'

position to the Vietnamese and agrees to join us in fighting the Vietnamese and the Soviets."

Sihanouk has tried in vain to convince his Khmer Rouge partners that it is totally unrealistic to demand that and even if Samrin accepted such a condition it would fail to serve the main purpose — a guarantee to Vietnam that its interests would be protected in Cambodia.

Sihanouk said: "The Vietnamese say that they will not withdraw from Cambodia until the Chinese threat is removed. I cannot assume the responsibility of removing the Chinese threat on their northern border but I have to take the responsibility that there is no such threat via Cambodia. It is not enough to say that there are no Chinese soldiers in our army to reassure Vietnam on that point."

According to Sihanouk, only by maintaining the Samrin group — which will look after the interests of the Vietnamese and the Soviets — in the government and by Cambodia's adherence to Asean could Hanoi be reassured.

While the Khmer Rouge faction in the government would protect Chinese interests and maintain balance vis-à-vis the two non-communist partners in the four-party government, inclusion of Cambodia in Asean would provide, Sihanouk argues, an additional guarantee to Vietnam that Cambodia was not in the Chinese camp.

A Chinese diplomat in Paris recently told Sihanouk that the idea of national reconciliation is "premature." According to Sihanouk, the Chinese said that "if you propose to include

exiling some of the notorious Khmer Rouge leaders such as Pol Pot, Ieng Sary, Ta Mok and others as part of the eventual settlement that would reassure the Cambodian people as well as the Vietnamese.

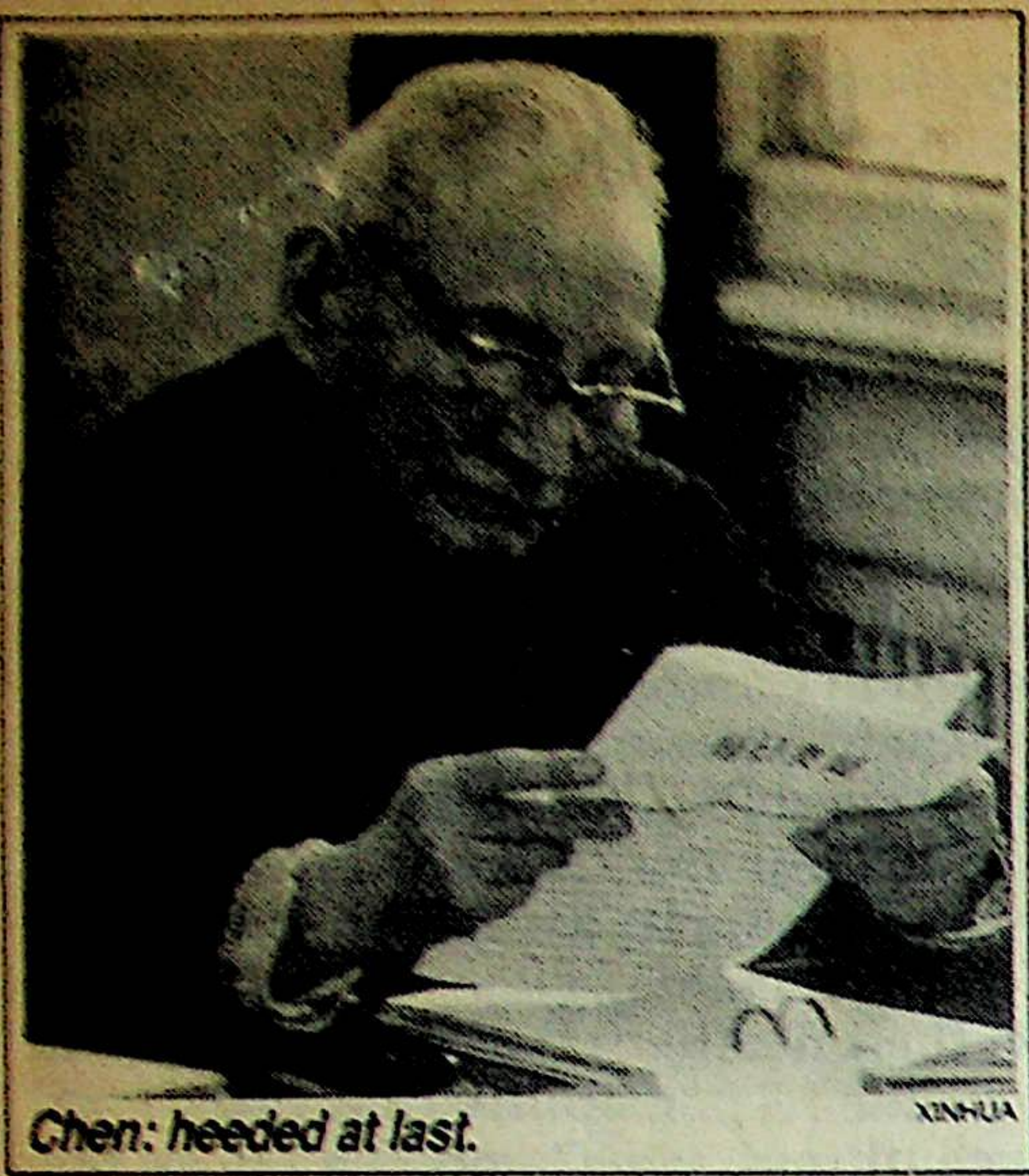
At a recent meeting in Washington, Singaporean Ambassador to the United States Tommy Koh made the idea public. "We also acknowledge that arrangements should be made for the exit of certain controversial personalities such as Pol Pot," he said. Both the ideas have now been knocked down by China and its Khmer Rouge allies.

Sihanouk said that Samphan had stridently opposed the idea of national reconciliation by the inclusion of Samrin. "We can agree to their participation in a government," Samphan informed Sihanouk, "only on condition that the Samrin group declares its op-

Heng Samrin it would be interpreted [by Hanoi] as a sign of weakness. One should not talk of compromise and to accept Heng Samrin is a compromise."

China obviously is disturbed by talk of national reconciliation and open suggestions of exiling some of the Khmer Rouge partners of the coalition. Prior to its formation in June 1982, especially in 1980, Chinese leaders had hinted that they would not object to removal of some of the Khmer Rouge leadership. But Peking is determined now to prevent this lest it weakens its protégés in the coalition. The Chinese leadership has even made it clear that their support for Democratic Kampuchea is conditional on maintenance of its present composition.

Receiving the three coalition leaders — Sihanouk, Son Sann (leader of the Khmer People's National Liberation Front) and Samphan — in Peking early in October, China's senior statesman



Chen: headed at last.

'capitalist.' As a result, the problem of over-concentration in the economic structure long remained unsolved and, what is more, became more and more serious."

The document quotes Lenin as saying, shortly after the 1917 October Revolution: "A complete, all-inclusive true plan is, for us at this time, a 'bureaucratic dream' — don't pursue it." The document continues: "We must be realistic and admit that, for a considerably long time to come, our national economic plans on the whole can only be rough and elastic."

One of the main reasons state control over enterprises became rigid and excessive, according to the document, was that the concept of their ownership by the entire people was mistakenly equated with the concept of their direct operation by state institutions. But "no state institution can know the whole situation fully." Therefore the enterprise should become a "relatively independent economic entity . . . responsible for its own profits and losses, capable of transforming and developing itself, and acting as a legal person with certain rights and duties."

An immediate consequence of loosening price controls and cutting subsidies will be that some enterprises, those which cannot produce at competitive quality and price, will fail. This is intended: the identification and reorganisation of enterprises which cannot make efficient use of resources is a central intermediate objective of the reform. China's institutions are now coming to terms with the novel problem of enterprise bankruptcy — a theoretical and practical impossibility under the old system.

The problems are hardly clear-cut — in what circumstances does the state stand behind the debts and obligations of state-owned or collective enterprises? What recourse is available to its creditors (which may include foreign banks, investors and joint-venture partners) and what happens to laid-off employees? These questions will be addressed by a bankruptcy law that is now being drafted.

Modern enterprises require a "unified, authoritative and highly efficient system to direct production and conduct operations and management," the document says, and thus calls for the enterprise director or manager assuming "full responsibility" for operations. The role of party organisations in enterprises is to be limited to overall supervision of party and state policies, organisational work and leadership of trade unions and the Communist Youth League organisations.

Reform will require a large contingent of knowledgeable, technically skilled managers and administrators, the document continued. In implementing the principle of distribution according to work, pay differentials should be increased to reflect the differences between mental and manual work, skilled and unskilled — the present remuneration for mental work, the document said, is excessively low.

"Correct relations between the state and the enterprise and between an enterprise and its workers are the essence and basic requirement of restructuring the national economy . . ." it says, and "fulfilment of this basic requirement inevitably calls for reform of every aspect of the entire economic structure."

The document stresses the interrelation and interdependence of the reforms. Enterprise autonomy is meaningless without price reform. Both imply changes in the labour and wage system and will require substantial changes in the role and functions of state institutions. The document calls for gradual implementation of the reforms "in harmony with the inherent connections between the various links of the national economy."

Irrational ratios among the prices of different kinds of products are to be readjusted by reassessing the cost-based value of products and on the basis of "changes in the relation between supply and demand." Increases in the costs of raw and semi-finished materials are to be substantially absorbed by improving efficiency of resource utilisation by processing industries, with only a small part of the increase borne by the state. In readjusting the retail prices of foods and consumer goods, the document calls for measures to ensure that real incomes do not drop as a result of price adjustments.

But properly synchronising each step in the various reforms will not be easy. Some price adjustments are needed immediately. As the costs of energy and raw materials are increased, secondary manufacturers will be forced to increase prices or suffer losses. But if price increases outpace wages the potential for urban unrest will grow, and if wage and price increases are not accompanied by, or do not result in, real improvements in productivity, the final product will be no more than inflation. — ROBERT DELFS

The chicken noodle bomb

Another blast in Jakarta, though causing little damage, increases business nervousness

By Manggi Habir in Jakarta

On 17 October, just two weeks after three bombs rocked two Chinatown bank branches and a shopping centre, another bomb exploded in a noodle factory owned by PT Super Mi Indonesia, at Ciracas, on the eastern outskirts of Jakarta. Except for three chickens — a chicken coop was blown sky high in the explosion — no casualties were reported. The earlier bombings claimed two lives and resulted in 18 injured (REVIEW, 18 Oct.).

The damage to the noodle factory was slight, merely blasting a one-metre hole through the outer walls. The factory was back in operation the next day. But the bomb, coming just after the police claimed they had arrested 15 suspects from the earlier bombings, still caused considerable nervousness among the business community.

Immediately after the bombing, Jakarta Police Chief Sudjoko stated that this bombing and the earlier ones had similar motives. So far no group or individual has claimed responsibility for the bombing.

Many were quick to see the latest violence as another attack on the powerful and well-connected Chinese tycoon Liem Sioe Liong. The two bank branches that were hit by bombs on 4 October were Bank Central Asia branches, which are owned by Liem's business group, and it was widely rumoured that Liem had a stake in PT Super Mi Indonesia. The Liem group, however, denied this. PT Super Mi is currently owned by S. A. Sagala, E. Moeis and the Japanese Sangkyo Shokukin company.

Nevertheless the Liem group, controlling the supply of flour through its ownership of the PT Bogasari flour mill which has virtually a monopoly in the country — is an influential force in the industry. Among noodle producers, PT Super Mi Indonesia is the leader, followed closely by two of Liem's own noodle companies.

After the 4 October bombings, commercial buildings in Jakarta have received an increasing number of bomb threats, leading to tighter security precautions.

The government had indicated that investigation of the 4 October bombings has been 80% completed, but if the factory bombing is connected with the others, that figure may have to be revised.

planned economy, but planning "does not necessarily mean the predominance of mandatory planning." The scope of mandatory planning is to be reduced in favour of guidance planning (using the economic "levers" of tax, price and credit policies rather than administrative direction to achieve macro-economic targets) and regulation by free-market forces.

None of the specific policies discussed is really new. All of them — expanding enterprise autonomy and material incentives, price reforms, incorporation of market forces into the planning process and opening China to foreign technology and capital — have been explored and implemented in varying degrees over the past five years. But while rural reforms are well advanced and have been spectacularly successful, urban industrial reform has been only experimental, tentative and piecemeal so far.

The real significance of the *Decision* is that the party has now formally committed itself to the reform policies and to the vision of a fundamentally different socialist order which the document articulates. Although the theoretical and practical issues raised by the reforms have been extensively discussed in the Chinese press, the party's previous positions on industrial reform have been highly ambiguous, reflecting the lack of a broad consensus on the urban-reform programme within the party leadership.

The new party constitution adopted at the 12th national congress in September 1982 took as the party's general task "to unite the people of all nationalities in working . . . to achieve the modernisation of industry, agriculture, national defence and science and technology." While this was a considerable shift from the previous formulation (the 1977 constitution adopted under then chairman Hua Guofeng set the party's basic aim as continuing the revolution and eliminating the bourgeoisie and other exploiting classes), the party in 1982 still shrank from committing itself to the reforms as a means of achieving modernisation.

Hu laid some of the groundwork for the present document in his report to the 12th party congress, but the report by the party chairman (Hu's title at the opening of the congress), though obviously a powerful indication of trends of thinking within the leadership, did not represent a binding statement of party policy in the same way as does the *Decision*, which was unanimously adopted by the entire central committee.

Hu's report called for consolidating initial reforms in economic administration and completion at an early date of "an overall plan for reform and the measures for its implementation" — the present proposal. He also enunciated the principle of a tripartite mixed economy combining mandatory planning and fixed prices for certain



PLA men in Peking's first supermarket: socialism, not pauperism.

key commodities, guidance planning via economic levers with floating prices for a wide range of industrial products and consumer goods, and free-market production of non-staple foodstuffs and other items (REVIEW, 15 Oct. '82).

This principle has been implemented as the basis for preliminary price and planning reforms and remains central to the proposal, which calls for reducing the scale of mandatory planning and putting more of the economy under voluntary guidance planning and the free market. But the text of the document goes far beyond the skeletal formulation of Hu's 1982 report, arguing forcefully for a strict separation of the responsibilities and functions of enterprises and state organs.

The practical difficulties of economic liberalisation in a massive and highly authoritarian society cannot be underestimated. Full implementation of the reforms will impose tremendous stresses as state organs adjust to a new, and in many ways restricted, role and enterprises adapt to the demands of true competition. Wrenching power over economic affairs from the hands of cadres is a truly formidable undertaking — it would be near miraculous if this were accomplished in this century, much less within the three-five-year timeframe set for substantial completion of the reforms.

Similarly, as the experience of preliminary reforms has shown, transforming inefficient state-run enterprises into truly independent corporation-like entities can hardly be accomplished by mere fiat. The realities of true economic competition will demand application of marketing and managerial skills that few Chinese enterprises now possess.

State subsidies and nearly rock-stable controlled prices have meant security — if not prosperity — for China's urban residents. The transition to a system whereby urban people pay something closer to the true costs of food and housing, even with large wage increases, will undoubtedly be traumatic and stressful.

The *Decision* acknowledges that "dis-

order" is likely to occur. "Reform is an exploratory and innovative undertaking," it says, "and it is very complex . . . errors can hardly be avoided." But it notes approvingly that reform will lead to "tremendous changes not only in people's economic life, but also in their mental outlook and way of life."

It also implicitly acknowledges that opposition to the reform still exists within the party and at high levels — the extensive discussion of issues surrounding reform in the document is necessary, it says, to "achieve unity of thinking and enhance it among all comrades in the party [particularly among leading party cadres]."

Formal adoption of the document by the central committee makes it official party policy and, under the principle of democratic centralism, all party members are bound to support it. But in dealing with opposition, the proposal counsels a moderate policy of persuasion, criticism and moderation.

"People with different views and approaches about reforms may discuss their differences," the report says. "We must not divide the cadres and masses by calling some people 'reformers' and others 'conservatives.' We should have faith in comrades who fall behind the developing situation for a time, confident that they will understand things better in the course of the reforms."

Despite risks and lingering opposition, reform is necessary to achieve modernisation. Moreover, the global technological revolution has posed "new opportunities and new challenges" which makes reform "all the more imperative."

"Socialism does not mean pauperism," the document says, "for it aims at the elimination of poverty." The essential task of socialism is "to develop the forces of production, create ever more social wealth and meet the people's growing material and cultural needs." The document asks all party comrades to grasp this "basic concept of Marxism and to take as the most important criterion in assessing the success or failure of all reforms whether or not this task is facilitated."

The price of progress

The system is in need of rationalisation, but if benefits are not quickly apparent there may be problems

The Chinese urban-reform programme revealed at the third central committee plenum of the 12th party congress says that price reform is necessary, because without it there is no means to assess the performance of enterprises.

"As the decision-making power of enterprises grows," the party document announcing the reforms states, "pricing will become increasingly important." And because so many other aspects of reform depend on establishing a rational price structure, "reform of the price system is therefore the key to reform of the entire economic structure."

The present price system is irrational, the document says, for the following reasons:

► Price differentials between products of varying quality are inadequate.

► Price ratios among different commodities are out of line, particularly the relatively low prices for mineral products and raw or semi-finished materials compared with manufactured goods.

► Retail prices of major farm products are lower than prices paid to producers. Moreover, the document continues, the present price-control system is over-centralised.

From now on the range of products for which uniform prices are set by the state must be reduced and the number of products sold at floating prices (determined by the enterprise within certain limits set by the state) and free prices is to be expanded.

Initial efforts to increase irrationally low prices for a broad range of retail commodities halted three years ago as signs of nervousness appeared among the urban populace following increases in the retail price index of 5.8% in 1979 and 6% in 1980. Since then, in 1983 the price of cotton cloth was successfully raised in a carefully planned manoeuvre which simultaneously eliminated cotton rationing and cut prices for synthetic-fibre fabrics.

There have also been cuts in the prices of light-industrial and electronics products such as watches and TV sets, and certain areas such as Chongqing in Sichuan province have initiated experiments in more comprehensive price reforms. But the broad range of retail products, especially foodstuffs, remain at artificially low prices.

The cost of holding low retail food prices despite substantial increases in the procurement prices paid to agricultural producers (a cumulative 47.7% increase from 1978 to 1983) has been a crippling level of subsidy costs

carried by the state (REVIEW, 12 Mar. '82).

The current costs of state subsidies covering differences in the purchase and retail prices of grain, cooking oil, cotton, coal for domestic use and foodstuffs is at least Rmb 20 billion (US\$7.5 billion). Additional subsidies for transport, agricultural machinery, and producers of energy and industrial raw materials (which are pegged at artificially low prices) bring the total costs of subsidies to more than Rmb 30 billion, equivalent to approximately 25% of total state revenues.

Moreover, this figure does not include the implicit cost of subsidised housing. The monthly rent for a 5 m² room in Peking can be as low as Rmb 0.50, a trivial sum that does not even begin to cover maintenance, and few urban dwellers pay more than 3% of household income in rents.

Under the present system, the state-set price (only 10-20% of all commodities are now governed by floating or free prices) is a much more important factor in enterprise profitability than any considerations of efficiency or quality.

According to a study by Kyoichi Ishihara in the Japan External Trade Organisation's *China Newsletter* (September-October 1983), the ratio of annual profits to fixed investment and operating funds in light-industrial products such as watches, bicycles, sewing machines and knitted goods was 30% to 60%. The corresponding profitability ratio for raw materials such as chemical fertilisers, mined ores and cement was 1.4% to 4.66%.

But excessive subsidy costs and unrealistic price ratios could, in theory at

least, be reduced by purely administrative means within the framework of state-controlled prices. The logic of price reform — expanding the number of commodities sold at floating or free prices — as opposed to simple price adjustment, is to create a situation in which prices reflect the actual value of a commodity, taking into account production costs, relative quality and market-determined factors of supply and demand.

In conjunction with reducing the scale of mandatory planning and allowing greater independence for enterprises, price reform is intended essentially to replicate the decision-making structure and environment of a capitalist economy (REVIEW, 15 Oct. '82). This marks a decisive break with the Soviet model of a command economy controlled by a central bureaucracy via plans and directives, which has largely characterised the Chinese economy since 1949.

The party document notes that as the "defect of excessive and rigid control gradually became manifest in . . . the economic structure," some party members perceived this problem and raised suggestions for correction at the eighth national party congress in 1956.

This is an apparent reference to proposals put forward at that time by Chen Yun, a veteran economic planner regarded as the architect of China's post-revolution recovery and of the economic readjustments following the Great Leap Forward and in 1979-82. Chen, a member of the politburo standing committee, was one of the five Chinese leaders presiding over the plenum session which approved the latest reforms.

But Chen's 1956 proposals were not heeded. The document relates that "our party was, after all, inexperienced in guiding socialist construction" and that "the influence of 'Left'-deviationist errors in the party's guiding ideology after 1957 in particular resulted in various correct [economic measures] being regarded as



JOURNEY TO PROSPERITY

● THE attempt to assess Hongkong's reaction to the draft joint declaration on the future initialled by China and Britain does not seem to be going very well. It was not helped by a stupid misjudgment compounded by the Hongkong Government and the British Foreign Office which was guaranteed to inhibit anyone from commenting because names and addresses were apparently to remain on the record, if only for release in 30 years' time. Far too late — on 15 October, nearly three weeks into the six-week period allowed for the people to make their views known — it was announced that they will be expunged from the record.

Personally, I will be surprised if many people do give their views to the assessors, though every Hongkong citizen has reacted mostly positively, it would seem. After all, the text has been published on a take-it-or-leave-it basis and only if it were greeted by an overwhelming condemnation would it not go forward for ratification by Britain and China. Despite the reservations reported in the REVIEW's pages (which mainly revolve round the question of nationality, in which London had long since opted out of its responsibilities anyway), the agreement still seems to me to be an excellent document, better than anything Hongkong expected.

Journalists, however, seem constrained to prove their professional scepticism, and seem to me to be unnecessarily accentuating the negative and their mistrust in "scraps of paper." One pressman, not noted for his own high principles, accused the REVIEW of "selling out" while another remarked that this Traveller was "bucking for his knighthood"! (I wouldn't have minded if he had not been in the company of a Xinhua colleague, and was obviously playing to his audience.) Yet another said that Hongkong should remember that the Chinese had invented rice paper which was edible.

Healthy scepticism must always be maintained, particularly when dealing with official claims. But when one remembers that the lease on the New Territories necessitated an agreement on a piece of paper, it follows that the better the terms of the agreement the better chance it has to work, and it only has a chance to work if enough people inside and outside Hongkong are willing to give it a go. I never imagined I would have any sympathy for anything Spiro Agnew may have said, but there are too many "nattering nabobs of negativism" around these days.

● A SMALL sidelight to the ringing defence of open courts and press free-

dom given by Hongkong High Court judge Michael Kempster in response to an application by the REVIEW and others to be allowed to attend the committal proceedings in the George Tan case. Kempster used a key British law lords' judgment quoting 19th-century English economist and utilitarian philosopher Jeremy Bentham, who had written:

"In the darkness of secrecy, sinister interest and evil in every shape have full swing. Only in proportion as publicity has place can any of checks applicable to judicial injustice operate. Where there is no publicity there is no justice. It is the keenest spur to exertion and the surest of all guards against improbity. It keeps the judge himself while trying under trial. The security of securities is publicity."

What Kempster may not have been aware of is the connection between Bentham and Hongkong. Bentham's closest disciple, his executor and the editor of the definitive collection of his works from which the above quotation originally came was one John Bowring who went on to become governor of Hongkong in 1854. Sir (as he later became) John Bowring was a forebear of the REVIEW's deputy editor, Philip Bowring, who sat through last week's court hearings.

Governor Bowring was an earnest rationalist and free trader who quickly fell out with the commercial princes of the young colony who disapproved of his efforts to impose honest administration, impartial justice and generally substitute right for might. He is in fact little remembered in Hongkong, but better known in Thailand. A friend of King Mongkut, he negotiated the first Anglo-Siamese treaty, wrote a book about Siam and later became Mongkut's ambassador in Europe.

● INDONESIA'S five-principled national philosophy guarantees freedom to worship God — the God in question not being named though the country is largely Islamic. But that does not prevent salacious accounts of sexual escapades being reported — mostly in local newspapers — in various styles, ranging from lascivious lip-licking language to rather devil-may-care slang. Take this recent item from the *Jakarta Post*, quoting provincial newspapers under the headline "Lady Chatterley's Lover — Local Style":

'A 46-year-old man fell unconscious and was rushed to the hospital after he discovered his wife and her driver in the act of adultery.

The 32-year-old lady was caught red-handed in bed with her driver in the latter's bedroom Friday night. A few hours earlier, the woman had

been lying next to her husband in marital bliss but Krisna, the husband, was apparently not up to par that particular evening and rapidly fell into an exhausted sleep. His young wife then decided to see what the driver was up to, *Sinar Pagi* reported.

She slipped out of bed and made her way to the unsuspecting driver's room where she discovered him fast asleep. Not to be deterred, she removed her flimsy nightgown and crawled beside the soon-to-awake figure.

It didn't take her very long to rouse the driver into action. He automatically got into the swing of things, and they rapidly became oblivious to everything save their torrential tryst.

Krisna came to see what the commotion was. He opened the door, took one look at what was going on, and fainted. His wife came to her senses and screamed, thereby bringing neighbors rushing to the scene.

They rushed the unconscious cuckold to a nearby hospital and called the local police who detained the lusty lady and her compliant driver.'

The item continued:

'Meanwhile, a similar case took place Friday morning in Jembatan Besi village, north of here when a neighborhood chief was caught with his pants off with another man's wife.

Kur, the local official, dropped by the Uins' house around 9 am. Mr Uin was off at work, but his wife was still slumbering. Having been to the house many times before, Kur went directly to her bedroom. He tapped her gently on the shoulder to wake her up but got more than he bargained for when she pulled him on top of her. He rapidly figured out what she had in mind and he was able to rise to the occasion. They soon became so preoccupied that they completely forgot that Kur had neglected to close the door.

A local resident who happened to be passing by saw Mrs Uin's legs flailing the air. Upon closer investigation, he was shocked to see the neighborhood chief in a very incriminating position.

The passer-by rushed off to inform Mr Uin who immediately reported the illegal lust to the Tamboro police who then arrested the exhausted couple, *Pos Kota* reported.'

● THE item did not say whether the offenders were brought to court, but an item from the *Jakarta Post* of 11 August seems to indicate that courts can be dangerous places:

'Three and a half years in jail were requested for 42-year-old woman who burned her husband to death in a district court in Garut, West Java, it was reported here.'



Deng and Hu at the meeting; workers read the news: a major turning point.

CHINA

A new kind of socialism

The party swings into line with Deng in its statement approving major economic reforms

By Robert Delfs and David Bonavia

The Chinese Communist Party has adopted a document calling for accelerated and comprehensive reform of the nation's economic structure and institutions. Embracing a broad range of reforms designed to free enterprises from state and party control, the party decision will likely come to be seen as a major turning point in the post-Mao Zedong era — the decisive conclusion to decades of struggle by Deng Xiaoping and other reformists within the party to overthrow the Soviet model of a centralised socialist economy.

The document, entitled *A Decision of the Central Committee of the Communist Party of China on Reform of the Economic Structure*, was unanimously adopted by the 12th central committee, meeting in its third plenary session on 20 October. Focusing on urban industrial and commercial reforms, the document explicitly evokes the parallel of the third plenum of the 11th central committee in 1978 which overthrew Mao's collectivist agricultural policies in favour of the rural "responsibility system" in which individual peasant families contract for land and enjoy considerable economic freedom.

It is the success of the rural reforms over the past five years that has furnished the impetus for the accelerating urban reform. China expects a fourth successive record harvest this year. Net grain imports were reduced from US\$2 billion in 1982 to only US\$1 billion last year and are expected to slide a further 20-30% in 1984. These successes, and the new demands on cities posed by the growing rural economy, "provide highly favourable conditions for restructuring China's entire national economy, focusing on the urban economy," the document said.

The session, attended by 321 central committee members and alternates plus 297 non-voting observers from various party and government organs, was presided over by party General Secretary Hu Yaobang, chairman of the party central advisory commission Deng, Premier Zhao Ziyang, head of state Li Xiannian and first secretary of the party central commission for discipline inspection Chen Yun.

The *Decision* does not describe new policies in detail. It is, as an accompanying communique described it, rather a "programmatic document" guiding the reform, defining basic principles and policies, and expounding the necessity and urgency of speeding up reform through the entire economy. Much of the lengthy document is devoted to explaining the reforms — why they are necessary and how they are to be reconciled with the concept of China as a socialist country.

In this sense, the document is the most complete and authoritative statement so far of what the now-common expression "socialism with Chinese characteristics" really means. What emerges in the document is a very flexible concept of socialism, largely uncoupled from any specific doctrines or texts. It is to be achieved by "integrating the basic tenets of Marxism with actual conditions in China."

The reforms are similar in nature to abortive Liberman reforms attempted by the Soviet Union in the 1960s and to the market-oriented reforms that have since been implemented in Hungary and Yugoslavia.

The reason the socialist system previously has failed to realise its potential in China is "a rigid economic structure which cannot meet the needs of the growing forces of production," the

document says. Its major defects are:

- ▶ The lack of a distinction between the functions of government and enterprises.

- ▶ Bureaucratic and geographical barriers.

- ▶ Excessive and rigid state control of enterprises.

- ▶ Failure to attach adequate importance to the law of value and the regulatory role of the market.

- ▶ Egalitarianism in distribution which has sapped the initiative and creativity of enterprises and workers.

The present economic structure "hinders development of the forces of production," the *Decision* says. To change it, "we must conscientiously sum up China's historical experience and study the concrete conditions and requirements for economic growth. In addition, we must draw upon the world's advanced methods of management, including those of developed capitalist countries, that conform to the laws of modern socialised production."

In what is put forward as a "self-improvement and development of the socialist system," the principle of ownership of the means of production by the whole people is to be upheld, but ownership will be "separated from power of operation" — enterprises will be independent entities, responsible for their own profits and losses, acting as a "legal person" with specified rights and obligations.

The "leadership of the communist party" is to continue and state organs will continue to play a role in leading and organising economic construction, but that role is to be largely one of formulating strategy, plans, principles and policies — "government departments at various levels will, in principle, not manage or operate enterprises directly."

The Chinese economy will remain a

The Marx bothers

One sentence in the *People's Daily* sends ripples round the world but then a clarification brings a clearer picture

By David Bonavia in Hongkong

The fiasco of the "denunciation of Marxism" by the *People's Daily* told more about the degree of confusion reigning in the Chinese Communist Party these days than about actual ideological developments. Peking-based correspondents rubbed their eyes in disbelief on 7 December when they read or had translated for them a leading article in the party organ which appeared to proclaim the final disillusionment of the leadership with the doctrines of Marxism-Leninism.

In Hongkong, leftwing Chinese newspapers, which can usually give an authoritative gloss on new policy statements from Peking, chose to remain silent for two days. Then the *Ta Kung Pao* printed a page-two story quoting — of all people — American Sinologists, to play down the astonishing news. At the same time, an official source in Peking took the unusual step of telling foreign correspondents that the once-infallible *People's Daily* had erred — to the extent of omitting one expression — the Chinese for "all."

The sentence which had originally caused the furore — "We cannot expect the works of Marx and Lenin in their day to solve the problems of today" — was amended to: "We cannot expect the works of Marx and Lenin in

their day to solve all the problems of today."

Nonetheless, while not heralding China's ultimate defection from the Marxist cause, the article was of importance in analysing the policies of the ruling group around elder statesman Deng Xiaoping. The Chinese source in Peking said the mistake in the article was based on a talk given by General Secretary Hu Yaobang to senior cadres, some of whom were inaccurate in their note-taking.

What is interesting is that a mistake of this severity could be made, could appear in the *People's Daily*, which is proof-read dozens of times for accuracy, and could then be shrugged off with a mere correction. Fifteen years ago the person responsible would have been in prison before he could say "sorry," and copies of the offending issue would be hunted down throughout the country and burnt.

But of course even five years ago it was hard to conceive of the laxity of debate which Chinese leaders and theorists now seem to have permitted themselves, and which is the soil in which such an embarrassing error could pop up.

The problem of analysing events in present-day China is the element of surprise, when the inconceivable ac-

tually happens — for example the Cultural Revolution, Lin Biao's plot to kill Mao Zedong, former United States president Richard Nixon's visit to China, the breaches in relations with Vietnam and Albania, the Democracy-Wall protests, and the abolition of the people's communes.

So observers of the China scene could not be 100% sure that the present leadership had really decided to throw Marxism-Leninism out of the window. However, more restrained interpretations have now been vindicated. The article was only the furthest development so far of the Deng group's desire to root out blind dogmatism in party and government ranks, and especially in the People's Liberation Army. The corrected version of the article is still bold, but it leaves plenty of manoeuvring room and may even clear the air for more critical discussion of Marxism-Leninism and its suitability or otherwise to present-day Chinese conditions.

In the present climate of political and economic reform, and China's expressed desire to build Chinese-type (not Soviet-type) socialism, critical comments on Marx, Engels, Lenin and perhaps Stalin may be expected more frequently. The inability of the Soviet Union to feed itself after 65 years of socialism, its aggression against Czechoslovakia, and the revolt of workers and intellectuals in Poland clearly show that dogmatic Marxism-Leninism increasingly does not work in modern countries.

Only in little Hungary has socialism acquired a human face through provision of consumer goods and a flexible approach to economic dogma. Hun-

Brains are beautiful

The communist party extolls the virtues of intellectuals, but lower-level functionaries resist efforts to recruit more as members

By Mary Lee in Peking

It is springtime again for intellectuals in China. Educated people — which is how China defines intellectuals — are no longer in "the stinking ninth [lowest] category" of people, as Maoists dubbed them during the Cultural Revolution in the 1960s and 1970s. Instead, Chinese leader Deng Xiaoping — and hence every communist party leader — is now calling them "the most important ninth," a reference to the ninth condition in the Chinese Communist Party (CCP) central committee's 20 October decision on reforming the country's economic structure. This calls on all party and government organisations and enterprises to "promote a new generation of cadres and create a mighty contingent of managerial personnel."

The central committee's organisation department said in late November that unless more educated people join the party it "will not be able to give effective guidance" in reforming the country's backward economy.

The official *People's Daily* newspaper reported recently that people with a secondary-school education constitute only 17.8% of the CCP's 40 million members, and only 4% have a university education. "Illiterates still make up a large proportion" of the party's membership, it bemoaned.

Efforts to recruit more intellectuals into the party began in 1979. Since then, the *People's Daily* said, more than 580,000 young professionals have been admitted, but such progress is apparently unsatisfactory. The party

maintains that the reason for this is not so much the unwillingness of intellectuals to join the party after the on-again-off-again political campaigns of the Maoist era, under which some intellectuals were killed and many others suffered great hardships. Rather it is because the door is still locked by "leftism, factionalism, jealousy and fear that intellectuals would threaten the iron seats [of office] of party functionaries," the official *Economic Daily* said.

Such statements and other recent newspaper commentaries indicate that some party functionaries clearly do not share the leadership's enthusiasm for economic or party membership reforms. Opposition, however, is disguised: the functionaries practise what party leaders call "formalism" — paying lip-service to reforms by merely circulating the new directives among cadres.

However, many questions remain for the intellectuals: why should they shed their cynicism about CCP membership, for example, and why should

● I FEAR that the interview with Japanese Prime Minister Yasuhiro Nakasone conducted recently by REVIEW Tokyo bureau chief Charles Smith and myself fails to throw much light on the vexed question of Japan's future defence expenditures. As readers will see, if they turn to page 24, Nakasone said quite clearly that defence expenditures would be kept within 1% of gross national product.

I was somewhat surprised to read in the *Japan Times* the next day (28 November) that Koichi Kato, director-general of the Japan Defence Agency, had called on the ruling Liberal Democratic Party (LDP) to consider revising the policy of limiting defence outlays to less than 1% of the GNP on the grounds that it was becoming extremely difficult to keep within this limit.

Further, the LDP's defence subcommittee was drafting a report which would probably recommend the majority view that "Japan should make an effort to improve its defence capabilities without worrying about strict adherence" to the 1% ceiling.

I was even more puzzled when the same *Japan Times* report noted that Nakasone had granted an interview to the REVIEW during which he had said that "his government has tried, and will continue to make efforts, to hold Japan's defence spending" to the 1% of GNP limit — which is not exactly what the prime minister said.

● AFTER meeting nothing but smiles and politeness on a recent trip to New York, on this trip to Tokyo I met with equally uncharacteristic rudeness. I realise that, except for certain bars to be found in areas such as the Ginza and Roppongi, Tokyo closes down early. I took a group of friends out to dinner — to a quite ordinary steak house — and at five minutes to nine, when we had only just started on the main course, the head waiter asked if we had any last orders.

We started drinking our coffee at 9:30 p.m. — when we were the only customers left — with a row of grim waiters glaring at us while a couple of others ostentatiously started sweeping the floor. It's the sort of behaviour one might expect from the landlady of a seaside boarding house — not from a restaurant in the entertainment area of one of the world's greatest cities which charges ¥10,000 (more than US\$40) for a steak.

● IT'S the same in the city's swankiest hotels. Everything but the most expensive bar, where drinks cost a small fortune, closes down at 10 p.m. The services are hardly convenient for a traveller who comes back to the hotel on the night before he is due to

fly off — a 10 a.m. flight from Narita, say. First of all he finds that he is too late to order breakfast in his room because the order form should have been hung on the doorknob before 11:30 p.m.

Anyway, if he had been in time, it would have been useless. To reach Narita Airport one hour before take-off, he must allow 20 minutes in a taxi to the city terminal, plus the normal wait for an airport bus, then 90 minutes between the terminal and the airport. So he should leave the hotel by 7 a.m. at the latest — and they don't start serving breakfast until then.

● ON our final morning, breakfastless, my (Japanese) wife and I got into a taxi and asked for the city bus terminal. Driving off, the taxi-driver informed us that the limousine drivers were on strike. We were in the middle of telling him that we had seen nothing in the newspapers or on TV about such a strike and nor had the hotel mentioned it, when he swung onto one of the toll roads leading directly to Narita.

Fare, plus tolls, when we arrived at the airport was ¥19,000. We paid up, only to see two airport limousines arrive. Inside the airport, having established that the strike was a fiction by a greedy taxi-driver, and having luckily noted the taxi-driver's name and number, we at least had the satisfaction of reporting him to the airport police — though they pointed out that he had committed no crime, having driven us to the airport and charged accordingly.

It was the first time I have ever been "had" by a Tokyo taxi-driver. As it was, we arrived two hours early and had our breakfast at the airport.

● IN the United States, after years of careful experiment, they enacted legislation which required that the words "The Surgeon-General has determined that smoking is injurious to your health" should appear on every pack of cigarettes sold there. I don't know how much research (or, indeed, how many conflagrations) took place before this notice was placed in Japanese hotel rooms:



● IN this column on 14 June I drew attention to the architectural similarity between the fairy castle in Japan's Disneyland (which can be seen on the seaward side of the road

between Tokyo and Narita airport) and the Meguro Emperor, Japan's best-known "love hotel" which couples hire out by the hour to indulge in un-Disneyesque activities.

Now another love hotel, the New York, in the Kichijoji district of Tokyo is under attack: the owner has erected a 6 m-high replica of the Statue of Liberty on the roof. Local citizens object on purely aesthetic grounds, but a group of American students have protested against this use of the symbol of the US in such an "unbearable" manner.

Standards differ on such matters of symbolism. One senior Chinese official told me in Hongkong recently that he found the practice of making T-shirts and shorts out of national flags such as the Stars and Stripes and the Union Jack appalling; no Chinese would so dishonour his country's flag.

And the Turks have strongly objected to massage parlours (which are in practice brothels) being called "Toruko" — in other words Turkish baths in Japan. In response to an emotional appeal from a Turk the owners of such establishments agreed to change their names to "Tokushu Yokujo" or "special baths." On the other hand, the British residents of Yokohama have failed to make any protest against a love hotel there which is built in the shape of the ocean liner Queen Elizabeth.

● IT is now possible to invest in a love hotel. For about ¥27 million one can become the proud owner of one room of a love hotel in Shinjuku in Tokyo. About 60% of the returns go in overheads (the intensive use of the rooms presumably demands intensive maintenance) giving a return of about ¥3 million. Investors could not be accused of living on immoral earnings and, what's more, they would be allowed a tax rebate since ownership would constitute becoming head of a business enterprise.

● JAPANESE, like many of their neighbours, cannot confine themselves to vodka or suck a mint to mask the alcohol on their breath in the hope that the wife will believe they have been working late at the office, for they are subject to the tell-tale reddening of the face. One well-known brand of Japanese sake, Hakushika, is presumably proud of this effect:

*Try Hakushika, you
will be usually
flushed with it.*

What the paper said

To master theory, it is required to read books seriously. There are many classic works on Marxism. We must select the principal ones to read, and we must be persistent. We must also learn the basic economic theories and also some knowledge of modern science and technology.

To study Marxism, it is required to study emphatically the general rules revealed by classic authors, as well as the attitudes, viewpoints and methods that they used to observe and solve problems. We should not be too concerned with individual words and

phrases or certain concrete assertions.

Marx died 101 years ago, and his works were written more than a century ago. Some were simply conjecture at that time, and later underwent tremendous changes. Some of the conjectures were not necessarily alright.

There were many things that Marx and Engels, even Lenin, had no experience of. We cannot expect the works of Marx and Lenin in their day to solve the problems of today. This is something we have to bear in mind during our study.

— *People's Daily*, 7 December 1984.

gary and Yugoslavia have been studied by Chinese economists for seven or eight years in an attempt to see what China can learn. But Yugoslavia has some discouraging economic problems, such as inflation and unemployment, while Hungary's model is perhaps not relevant to China's circumstance.

Nonetheless, these East European countries have shown that socialist planning can work for the benefit of the people. They have also shown that there are useful things in Marxism, if they can be combined with more modern economic theory and management skills. China is embarking on a programme of industrial reform which demands more flexibility on the part of management and workers, stresses the profit motive and the market mechanism. Already the peasants have gone back to private farming and some of them are doing very nicely. But this

they flock to join the party now when membership appears less important than an individual's ability to help direct the modernisation drive and produce profits on the road to a modern China? And what, indeed, are the benefits of party membership?

The answers are woven into party propaganda. "Intellectuals believe that only the party can lead the country towards successful realisation of the Four Modernisations" in agriculture, industry, defence and science and technology, said editors of the *Guangming Daily*, the CCP's newspaper for intellectuals, at a press briefing recently. "We trust intellectuals and intellectuals trust the party. Past persecution of intellectuals is well known, so everyone can say it will not happen again," the editors said.

But despite the Deng era's dramatic changes in the status of intellectuals, there are no signs of a lessening of totalitarian rule. It remains to be seen whether China's intellectuals will blossom into the Western version of dissenting thinkers.

is not the same as publicly rejecting Marxism-Leninism.

For one thing, Deng has been accused, many times, of betraying not only Maoism but the more fundamental communist teachings as well, in the interests of what China used to call a "revisionist" policy of using economic planning to raise living standards, not just to build a strong industrial base and modern armed forces. To lay himself open to charges of turning his back on Marxism-Leninism now would be inviting a mutiny among the leftist and Maoist-conservative forces which are

still impeding reform in the provinces. True, it was Hu whose thoughts were misreflected by the *People's Daily*, but the Hu-Deng alliance is still close.

Of course one cannot discount completely the idea of sabotage — a tiny change in the text of an article leaving a nation puzzled and confused for a whole weekend (to say nothing of China-watchers around the world). Anti-Deng circles may whisper that the error was Freudian, and reflected actual thinking at the top. At the very least, it shows a loosening of vigilance which must be shocking to cadres down the line, who are accustomed to looking to the *People's Daily* for safe guidance on the latest twists in the party line.

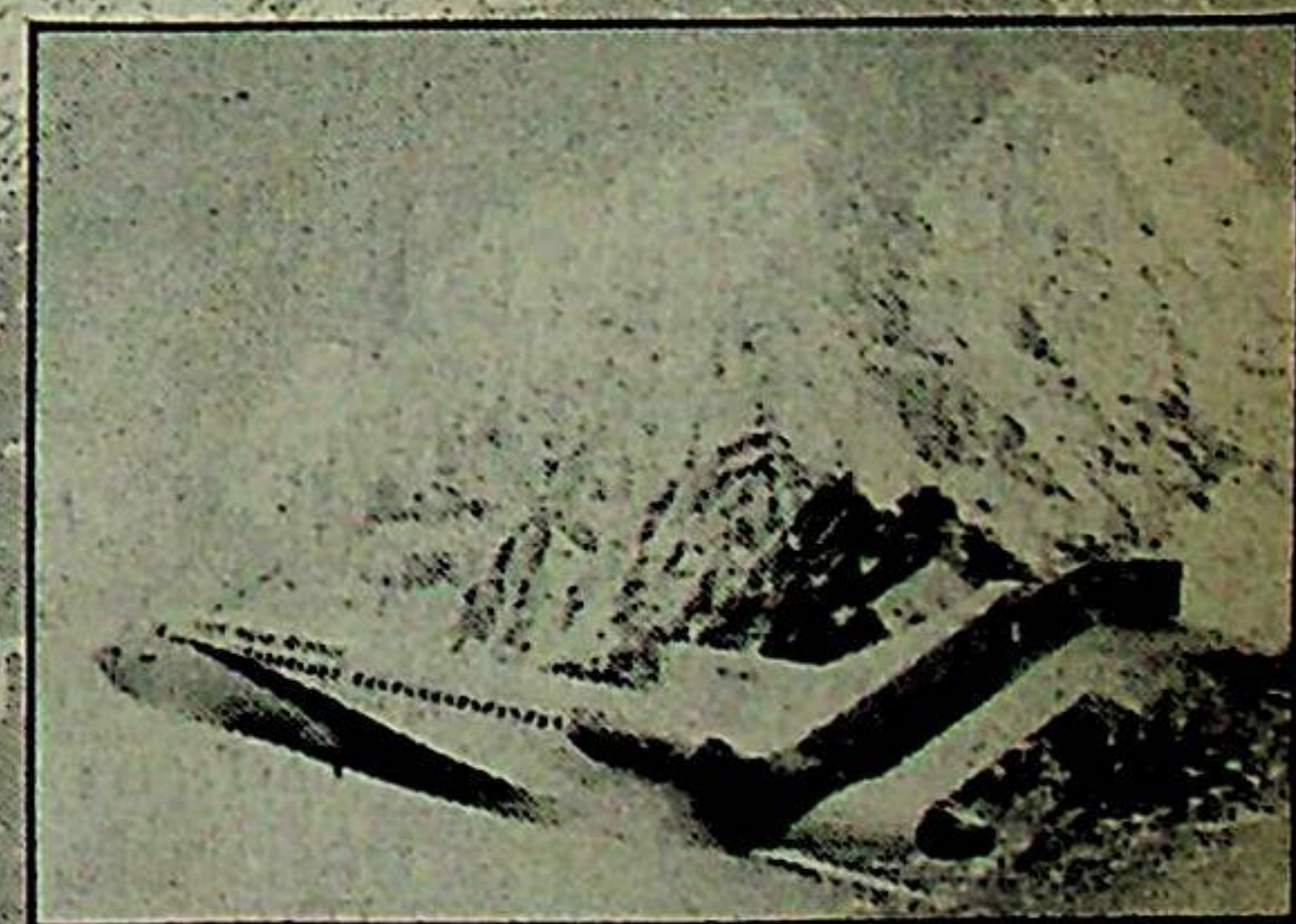
It would be characteristic of Deng to pooh-pooh so much fuss about a couple of dropped characters. With a small correction, the article perfectly reflected his known views on chapter-and-versism. And it may give cheer to some of the hundreds of thousands of intellectuals who are still being frustrated from returning to work by envious and narrow-minded local party leaders.

The Chinese newspaper's faux pas will cause some amusement across the border in the Soviet Union, where the proof-reading of political editorials is even more meticulous than in China. ■

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An uncertain future

Army commander Gen. Arthit Kamlang-ek's star seems to be on the wane following his failed bid to challenge Prem

By John McBeth in Bangkok

The extension of Gen. Arthit Kamlang-ek's tenure as army commander and supreme commander has been put into serious question following his unprecedented challenge to the administration of Prime Minister Prem Tinsulanond over the government's baht devaluation in November. Rumours of his imminent dismissal have died down now, but the incident has given rise to much debate over what course of action Prem, in his capacity as defence minister, may take next year.

Under Defence Ministry regulations, Prem does not have to consider the subject until six months before Arthit's scheduled retirement date of 30 September 1985. But political and other Thai sources say they now have reason to believe that any decision will be put off until as late as July or even August. This is hardly likely to please Arthit, given the uncertainties it would create over his future and the further erosion of support he could suffer as a result of senior officers looking elsewhere for a mentor to enhance their career prospects and preserve their positions in the chain of command.

The extension issue first cropped up in August this year when Prem received a petition signed by a long list of military officers calling for Arthit's tenure to be renewed until 1987, the year of Thailand's next scheduled general election. The majority of opinion took the prime minister's reply as a sign of acquiescence, but as the months have gone by — and with Arthit making a number of ill-advised moves — it has become increasingly clear that the matter has been pushed further to the back of the shelf.

Indeed, intelligence sources say it has been made known to Arthit that his extension, which can only be granted for a year at a time in any event, has not been seriously considered at this point. The same sources also have raised the possibility that if an extension is agreed to, it will apply only to his position as supreme commander, a largely ceremonial job with little of the power which accompanies the post of army commander.

It has also been pointed out that if a request is to be seriously considered, it must be made in a formal fashion through the Office of the Undersecretary of Defence, in accordance with Prem's insistence on adhering to the letter of the law. Once that step has been taken, the issue then goes to the cabinet. Three of the four political par-

ties making up the ruling coalition have not yet adopted a position on the extension, but well-placed party sources say the Democrat Party has already indicated that they will oppose the move in the form it was originally proposed.

During a recent dinner address, Deputy Prime Minister and Democrat Party leader Bhichai Rattakul said he believed the events of the past few weeks had strengthened the fabric of democracy. "It has proved that Thailand is moving in the right direction — towards true democracy," he said. Asked about Arthit's political pros-



Arthit: what prospects?

JOSEPH de RIENZO

pects, he replied half-jokingly: "He stands a good chance — after his retirement — of joining my party or any other party."

The outcome of the devaluation controversy has served as clear a pointer as anything to the current balance of power and to the fact that Prem — with the support and encouragement of the palace — has emerged in a significantly stronger position than he may have enjoyed previously. Crucial to this also is the backing Prem has been given by regimental and divisional commanders who disagreed with Arthit's direct challenge to the government, even though some might have had reservations about the devaluation.

Leaving Bangkok on 16 November, a week after he rejected Arthit's angry call for a reversal of the devaluation decision and a reshuffle of his cabinet

(REVIEW, 22 Nov.), the prime minister spent nine days with the royal family on their annual northeastern tour.

Pictures run prominently in the Thai press showed him either talking with the king privately or accompanying him on inspections of rural development projects, and one in particular had him crouching in the palace grounds picking wild-flowers with Queen Sirikit and Crown Prince Vajiralongkorn. The implications of all this were unmistakable and had a considerable impact on Thai observers.

Arthit, meanwhile, was in southern Thailand from where he made a surprise 26-28 November side trip to Indonesia. He went to Medan in Sumatra and Bali, where he met his Indonesian counterpart, Gen. Benny Murdani, a man he considers one of his closest personal friends.

Then, on the day Arthit returned to Bangkok, the prime minister left again for the royal family's Phuphan Ratchanives Palace in northeastern Sakon Nakhon province. This time, however, Arthit flew north to join Prem for a dinner hosted by the royal family. It was the first time the two men had been seen together since the devaluation crisis, conveying at least the impression that their differences had been resolved.

Perhaps the most striking postscript to the whole affair was an address the king made on 4 December, on the eve of his 57th birthday. Talking to an audience of privy councillors, cabinet ministers and senior government officials, the monarch said the country's problems could not be rectified by noisy criticisms. He counselled the use of constructive debate to avoid "intercine disputes," and pointed out that problems could not be solved by simply putting them off.

The king made no specific reference to the latest upheaval, but the language he used was much more direct than normal. It also dovetailed nicely with how he sees his role in the political context. "It seems to be a bad thing to defuse a crisis because one touches politics," he said in a revealing interview five years ago. "But if we try to speak and put some reason into people's heads, I don't think that is bad. If you don't defuse a bomb, it will blow up."

A day before, at the ceremonial parade of the King's Guards, the king had warned about "enemies hidden within themselves," which he said were evil practices, corruption, covertness and stupidity. He advised soldiers to develop experience and flexibility to enable them to perform their duties knowledgeably and efficiently and to solve problems "correctly, with speed and responsibility." The king also called on the assembly, which included Arthit and other senior army officers, to be united, tolerant, restrained and rational.