

World and Nation

Li losing in Chinese power struggle

From Associated Press reports

BEIJING — One million people in Beijing and tens of thousands in other cities marched Tuesday to demand that Premier Li Peng resign, and there were signs he might be losing a power struggle with liberals in the leadership.

Foreign Minister Qian Qichen, in the first official revelation of the backstage contest since Li declared martial law Saturday in parts of the capital, said Communist Party chief Zhao Ziyang remained in office.

Zhao, a comparative liberal, favored meeting with university students who occupied Tiananmen Square on May 13 demanding talks on democratic reforms. He was said to have offered his resignation just before Li ordered soldiers into the city.

Wan Li, head of the Chinese People's Congress, cut a U.S. visit short Tuesday after meeting with President Bush and American officials said they expected him to press for Li's ouster. The Congress is the national legislature.

Qian's comment to European Community ambassadors, reported by diplomatic sources, was the first official word on Zhao's status.

In other indications Li may be losing his power struggle with Zhao's faction, a military officer was quoted as saying troops ordered into Beijing have been told to withdraw. He did not say how far.

The official Xinhua News Agency also reported public demands for Li's ouster for the first time in its report on Tuesday's march in Beijing. "The

overwhelming majority of the slogans of the parade were directed against the chief leader of the State Council," Xinhua said, referring to Li but not by name. The State Council is China's cabinet.

Hong Kong commercial radio reported the party Politburo decided to strip Li of both his government and party posts and that Zhao would resume his duties. The report could not be confirmed and was one of many contradictory reports on China's murky political situation.

However, Li's failure to enforce martial law four days after declaring it in a harsh speech broadcast nationwide seemed to indicate he lacked adequate support within the government and party.

Also uncertain is the status of senior leader Deng Xiaoping, 84, believed to be behind the crackdown.

"Dear students, your final goal is not far away," a student announcer said over a loudspeaker to the 30,000 students still occupying Tiananmen Square.

The protesters originally sought a dialogue with the government on press and other reforms, but since martial law have demanded Li's resignation.

Out-of-town students continued to flock to Beijing to join the protest even though many of the original Beijing strikers left the square in exhaustion after a weeklong hunger strike.

Beijing residents continued to defy martial law regulations against marching, making speeches, distributing pamphlets and other political activities.

Students, teachers, government workers and intellectuals led the biggest march since martial law was declared, chanting: "Li Peng, step down!" and "Withdraw the troops, lift martial law!"

Xinhua put the number of marchers at 1 million and reported the chants against Li in sharp contrast to other official reports of the past few days that have insisted order is being maintained in Beijing and life is returning to normal.

Some aspects of Beijing life did become more normal Tuesday, with about half of the city's bus routes resuming service for the first time since Saturday. The subways also reopened and many people went to work, although traffic broke down again during the afternoon march.

About 100,000 people also marched Tuesday in the southern city of Canton, and tens of thousands of students and workers marched in the east-coast city of Shanghai, with about 200,000 people watching.

Shanghai students plastered posters calling for a strike all over the city, but despite support from the workers for the students' cause, there was no indication that much heed was paid to the strike idea.

During the march in Beijing, three men in their 20s hurled black and red paint at the 30-foot-high portrait of revolutionary leader Mao Tse-tung that hangs in the square.

Students hustled the three away and later turned them over to police. The government removed the stained

portrait with a crane and hung a similar one.

Other embarrassments have been less easily eliminated. The party newspaper, the People's Daily, said soldiers were "greatly humiliated" when their convoys were surrounded by residents since Saturday to keep them from entering the city.

The paper quoted an unidentified colonel as saying superiors had ordered the troops to withdraw. Many have pulled off the streets into military and compounds in recent days, and it was not clear if the colonel meant they would withdraw further.

Beijing television news said one soldier was killed when his military vehicle was hit by another, and he fell off. It was the first confirmed death under martial law.

Several soldiers, students and residents were hurt Monday night when the two sides pelted each other with stones and bricks at a military convoy in southwestern Beijing that was immobilized by the civilians for three days.

U.S.-China — business as usual

From Associated Press reports

NEW YORK — China's political upheaval has prompted many U.S. companies to postpone visits or evacuate some staff and dependents until the crisis eases, but none yet appear to be rethinking long-term strategies for doing business there.

"There's a lot of hand-wringing going on. But companies are intelligent enough not to make decisions in that environment," said Roger Sullivan, president of the U.S.-China Business Council, a Washington-based association of American companies that trade with China or are partners in Chinese factories. "Companies don't react to something like this until they see the longer-term implications," Sullivan said.

Nonetheless, he said, business requests for advice and information from the council have grown to 50 or 60 daily since the crisis intensified, versus the normal two or three queries a day.

The unprecedented mass demonstrations in China for democratic political reform come against a background of broadening U.S. business operations in the world's most popu-

lous country, with such ventures as coal mining, aircraft assembly and nuclear power plant construction.

The United States is a leading foreign investor in China and one of its most important trading partners. More than 600 U.S.-Chinese joint ventures have been established since the countries normalized relations a decade ago.

Although none of the protests are directed at foreigners, many have been surprised and unnerved at how quickly the veneer of government stability unraveled in recent weeks.

Telephone interviews Monday and Tuesday with business consultants in the United States, China and Hong Kong suggested many executives with plans to visit Beijing had delayed their trips by anywhere from a few days to indefinitely.

They attributed most postponements to a U.S. State Department travel advisory and uncertainty over whether the demonstrations would turn violent.

"We're very concerned with the outcome up in Beijing, but we don't know what it will be thus far," said Jerome Cohen, a Chinese law expert

with the firm Paul Weiss, Rifkind, Wharton & Garrison, one of the few with offices in China. "Nothing terribly serious has occurred but the potential is there."

In an interview from Hong Kong, Cohen said, "the only advice we're giving out at this point is on immediate problems, such as, should you hold a reception scheduled for 10 days from now or should you postpone it. 'If the reception is something that can be held another time, I think it's worthwhile to wait. If it's a question of abandoning offices, I think that's premature, I think that would be unwise.'"

Among U.S. companies with offices in Beijing, Bechtel Group Inc. said three expatriate employees temporarily had left the country and United Technologies Corp. said one had, partly because the protests paralyzed traffic in much of the capital, making ordinary work nearly impossible.

"It's really not business as usual there," said Larry Miller, a spokesman for Bechtel. "So we sent our three non-Chinese employees to Hong Kong on a temporary basis, until

normal business conditions return to Beijing."

IBM spokesman Tim Sheehy said the computer giant's 50 non-Chinese employees in Beijing were taking what he described as prudent precautions.

"We just make sure the employees are using good sense," he said. "If you can't get to work, don't come to work."

Preston Torbert, a partner and Chinese legal expert at the Chicago-based law firm Baker & McKenzie, said he was unaware of any clients withdrawing plans for investment or business negotiations with the Chinese.

Torbert, whose firm represents the Chinese government in this country and was one of the first to establish offices there after relations were normalized, said many business representatives in Beijing were privately rooting for the protesters' cause of greater freedom and democracy.

"In fact, people are excited to be there," he said. "It's such an exciting moment. What are you going to tell your grandchildren, that you left?"

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