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Behind the Dala Lama's "Proposal"



**GRAIN PRODUCTION
ON THE RISE?**



A typical slabstone lane of a Dong nationality village. *Photo by Sheng Yantai*



An Important Step Towards Socialist Democracy

□ The publication of the CPC Central Committee's Opinions on Upholding and Improving Multi-Party Co-operation and Political Consultation Under the Leadership of the Chinese Communist Party, a major event in China's political life, helps promote China's political restructuring and strengthen the construction of socialist democracy. The document specifies the main aspects of co-operation and formulates the practical measures for its implementation. China's multi-party co-operation is different from both the one-party system of some socialist countries and from the multi-party or bi-partisan systems of the West (p. 4).

Higher Grain Output a Possibility?

□ An official of the Ministry of Agriculture discusses China's plan to increase grain production from the present annual output of 400 million tons to 500 million tons by the year 2000. He points out that, to translate possibility into reality, it is necessary to raise the output of low-yield farmland. The key to success, however, lies in fostering among policy-makers and farmers alike a profound understanding of past experience and present problems (p. 14).

Inflation—Causes and Remedy

□ Inflation is a result of a variety of economic problems which have cropped up in China over the years. The Chinese government has adopted measures to tackle these problems. There is every reason to believe that as the economic readjustment and reform continue, inflation will be brought under control and the economy will steadily improve (p. 24).

Sino-Indonesian Relations Pick Up

□ In recent years exchanges in science and technology, culture, sports, personnel and in the academic world have gradually increased between China and Indonesia. At the beginning of 1989, Indonesian President Suharto decided to normalize relations with China. He has thus helped open a new chapter in the annals of the Sino-Indonesian relationship. (p. 8).

Behind the Dalai Lama's 'Plan'

□ The new "plan" for establishing "a peace zone" or "buffer state" in Tibet, announced by the Dalai Lama in Norway last December, is aimed at separating Tibet from the rest of China. The proposal, seen by the Dalai Lama as the basis for "negotiation" with the central government, was flatly rejected by Beijing. The Chinese government believes that the Dalai Lama can best resolve the Tibet "question" by returning to his country and do his share for the unity of the motherland (p. 21).

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COVER: China's grain output in 1989 was an all-time high of 407.5 million tons. Here, grain stocked in Tongliao's grain station of Inner Mongolia is ready for transport.
Photo by Baisi Gulang.

Unless written by Beijing Review correspondents, the opinions expressed in signed articles do not necessarily reflect the view of the Beijing Review editorial board.

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A Major Step Towards Socialist Democracy

by Our Guest Commentator Hua Yi

The publication of the CPC Central Committee's Opinions on Upholding and Improving the System of Multi-Party Co-operation and Political Consultation Under the Leadership of the Chinese Communist Party is an important event in China's political life, and a major step in China's political restructuring and in the strengthening of socialist democracy. The document, in accordance with the four cardinal principles* and the requirements for improving socialist political democracy, lays out the role of the democratic parties: participating in state and government affairs, exercising democratic supervision, and improving the system of multi-party co-operation and political consultation led by the Chinese Communist Party. It reviews the past successes and the fine tradition established during the past 40 years since the founding of the People's Republic, and explains the need to systematize and institutionalize means by which the democratic parties participate in state and government affairs. At the same time, it draws appropriate lessons from the quelling of last year's disturbances, clearly pointing out the need to uphold the nation's basic principles. The document, drafted under the guidance of the CPC Central Committee and formulated after extensive discussion with the democratic parties, outlines the norms which the Chinese Communist Party and the democratic parties will jointly observe during their long-term co-operation.

The system of multi-party co-operation and political consultation led by the Chinese Communist Party is a combination of the basic principles of Marxism-Leninism with China's practical conditions; it is a socialist political party system in conformity with China's social, economic and political conditions.

There are eight democratic parties** in

China, which were all established during the period of democratic revolution. In accordance with the Marxist-Leninist theory on the need for the Communist Party to establish a united front with the democratic parties, the Chinese Communist Party continues to follow a policy of actively uniting and co-operating with the democratic parties. Under the leadership of the Chinese Communist Party, the various democratic parties have all made important contributions to China's revolution and socialist construction. Tested by time, they have proved themselves to be close comrades-in-arms standing together through thick and thin and sharing weal and woe with the Chinese Communist Party. After the founding of New China, the Party-led system of multi-party co-operation and political consultation, as the nation's basic political system, first began to take shape and since then has been gradually perfected. It now has these basic characteristics:

—While all democratic parties accept the leadership of the Chinese Communist Party, the two supervise each other. The leading status of the Chinese Communist Party, formed during the protracted struggles of the Chinese revolution, is the historical choice of all nationalities of the Chinese people and includes members of the democratic parties. This leading status is enshrined in China's Constitution. China's political system is one of multi-party co-operation led by the Communist Party; it is not one whereby a number of political parties take turns to rule the country, to the negation of the leadership of the Communist Party.

—The various democratic parties devote themselves to the socialist cause under the leadership of the Chinese Communist Party. As political parties serving socialism, they form, with their respective memberships, an alliance of socialist labourers and patriots in

support of socialism.

—Of the people's political power, the Chinese Communist Party is the ruling party. The democratic parties participate in state and government affairs, in discussion of major state policies and principles, in the selection of candidates for state leaders, in the management of state affairs, and in the formulation and implementation of state principles, policies, laws and regulations. China's political parties are not categorized by a situation wherein certain parties are in power and other parties not in power; opposition parties do not exist in China.

—Political consultation is an important means of multi-party co-operation. Through political consultation, the principles and policies put forward by the Communist Party are accepted by the democratic parties. At the same time, the Communist Party listens to the democratic parties' opinions and suggestions so as to make decisions more democratic and scientific.

Both the Chinese Communist Party and democratic parties take the Constitution as the basic guide for their activities. The democratic parties enjoy political freedom, organizational independence and equality in their legal status within the scope of the rights and duties specified in the Constitution.

The document specifies the several major areas of co-operation between the Chinese Communist Party and the democratic parties. These include the strengthening of co-operation and consultation between the Chinese Communist Party and the democratic parties; giving fuller play to the role of democratic party members and personages without party affiliation in the People's Congress; selecting and recommending democratic party members and non-party figures for leading posts in various governmental departments and judicial organs; and strengthening the role of the democratic parties in the people's political consultative conference.

At the same time, the document sets the requirements for the democratic parties in their ideological and organizational construction. Practice over the past decades has proved that the system of multi-party co-operation led by the Communist Party is an advantage to China's political system. The various democratic parties provide an important means to express the people's opinions and exert a super-

visory role over the government. Giving full play to and strengthening the democratic parties' participation in state and government affairs is of great importance to improving the Communist Party leadership, promoting the construction of socialist political democracy, maintaining the country's long-term stability and peace, expediting the development of reform and opening to the outside world and the concurrent modernization, and bringing about the peaceful reunification of the country.

China's system of multi-party co-operation is different from the one-party system instituted in some socialist countries. Whether or not socialist countries should practise a one-party system or a system of multi-party co-operation under the leadership of the Communist Party depends on the history and the specific conditions of the countries concerned. China's multi-party co-operation within the socialist political system conforms to China's national conditions and is fundamentally different from the multi-party or bi-partisan systems of the Western capitalist countries. On no account should we institute the capitalist political system in socialist China. A handful of people, clinging to a bourgeois liberal stand, advocate pluralist politics and a multi-party system and are trying to establish opposition parties in China. Last year's political turbulence demonstrated fully that their aim was not genuine democracy, but the overthrow of the leadership of the Chinese Communist Party, the subversion of the socialist system, and the conversion of the socialist People's Republic to a capitalist dependency.

Multi-party co-operation and the system of political consultation led by the Communist Party has taken root in China. We should constantly improve this basic political system and propel China's democratic legal system along the path of socialism in an orderly way under a sound leadership. ■

* Adherence to the socialist road, the Communist Party leadership, the people's democratic dictatorship and Marxism-Leninism and Mao Zedong Thought.

** They are: The Revolutionary Committee of the Chinese Kuomintang, China Democratic League, China Democratic National Construction Association, China Association for Promoting Democracy, Chinese Peasants' and Workers' Democratic Party, China Chi Gong Dang (Chih Kung Tang), Jiusan (Chiu San) Society and Taiwan Democratic Self-Government League.

Multi-Party Co-operation Stressed

The system of multi-party co-operation and political consultation under the leadership of the Communist Party of China (CPC) "is a basic political system in China," stressed a recent document of the Central Committee of the Party.

It is fundamentally different from the multi-party system or bipartisan system in the Western capitalist countries, and also different from the one-party system practised in some socialist countries, said the document made public on February 7.

Such a system, it added, has

been practised in China for several dozen years and proved to be a characteristic and strong point of the country's political structure.

"To persist in and improve this system constitutes a major aspect of China's political restructuring," the document said.

Issued on December 30 last year, the document is entitled "Opinions of the Central Committee of the Communist Party of China on Upholding and Improving the System of Multi-Party Co-operation and Political Consultation Under the Leader-

ship of the Communist Party of China" (For a full text of the document, see our next issue).

Apart from the CPC, there are eight political parties in China: the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants' and Workers' Democratic Party, the China Zhi Gong Dang, the Jiusan Society and the Taiwan Democratic Self-Government League. They are generally called democratic parties.

The document points out that the CPC is the party in power and the core of leadership in the

Top Leaders Meet US Ex-Congressmen

China attaches importance to the friendship between the Chinese and American people and to Sino-US relations, Chinese Premier Li Peng said on February 5.

At a meeting in Beijing with a delegation of former members of the US House of Representatives, Li said: "China and the United States are both in the Asian-Pacific Region and are great countries. Good Sino-US relations not only accord with the fundamental interests of the two peoples but is also conducive to peace and stability in the Asian-Pacific Region and the world."

All statesmen of foresight on both sides of the Pacific, Li said, will see the importance of Sino-US relations and contribute to their restoration and development.

The US delegation, led by former Democratic congressman Richard H. Ichord and former Republican congressman Robert

Wilson, came to China at the invitation of the Chinese People's Institute of Foreign Affairs.

The American friends were told by the premier that China has achieved great results in the past 10 years of reform and opening to the outside world. China will continue its reform and open policy, Li said.

Both China's political situation and economy are stable and marked successes have been achieved in the current economic readjustment effort, he added.

Beijing and the rest of the nation are now going all out to prepare for the Asian Games, which will be a big event in China this year, the premier said.

Li believes that the games will promote friendship and exchanges among Asian nations.

Jiang Zemin, general secretary of the Central Committee of the Chinese Communist Party, also met the US delegation. He said that as long as China and the United States "work together to seek their common ground while setting aside their differences," there will be a bright future for Sino-US relations.

Jiang said that he hoped the

former congressman would contribute to promoting the development of friendly ties between the two countries. ■

HK: Stability Hinges on China

China hopes that Hong Kong can maintain its stability and prosperity, but the support of the Chinese mainland will prove indispensable, Chinese Premier Li Peng said in Beijing.

Li stressed that China is sincere in its policy of "one country, two systems" and believes that to keep Hong Kong as the centre of finance, trade and transport in the Far East is in the long-term interest of China's modernization programme.

Li made his remarks on February 6 at a meeting with Lord Sharp of Grimsdyke, president of the Britain-China Trade Council, who is visiting China for the 10th time.

The Chinese government has always attached importance to

cause of socialism. The democratic parties are close friends of the CPC, accepting the latter's leadership and working in full co-operation with it for the cause of socialism; and they are parties participating in state and government affairs.

In China's multi-party co-operation, the leadership by the Chinese Communist Party and the Four Cardinal Principles should be adhered to, the document said.

"This is the political basis of co-operation between the CPC and the democratic parties," it added.

The Communist Party's leadership over the democratic parties is political leadership. Name-

ly, it is leadership in terms of political principles, political orientation and major policies.

The democratic parties are to participate in the exercise of political power by taking part in state power; participating in the consultation on major principles and policies of the state and on the choice of state leaders; participating in the administration of state affairs, and taking part in formulating and implementing the state's principles, policies, laws and decrees.

The document called for effective measures to select democratic party members and persons without party affiliation to assume leading posts in governments at all levels, relevant de-

partments and procuratorial and judicial organs.

The document stressed that the Chinese Communist Party and the democratic parties must take the Constitution as their basic code of conduct. They must bear the responsibility of safeguarding the sanctity of the Constitution and guaranteeing its implementation, it added. And they must jointly bear the responsibility of defending national security and safeguarding social stability and unity.

"Political organizations that oppose the four cardinal principles and jeopardize the state power are absolutely not allowed to exist," the document said. ■

Chinese Premier Li Peng (right) meets Lord Sharp of Grimsdyke, president of the Britain-China Trade Council, on February 6.
LI ZHIYUAN



Sino-British relations, the premier said, and China will never forget friends who contribute to the development of such relations.

Lord Sharp said trade between Britain and China would continue. It would be a mistake to think that anyone would benefit if Britain reduced trade with China, he said.

He added that he was glad to see that China is continuing an open policy on trade and that trade between Hong Kong and the mainland is continuing apace.

The Chinese premier said China's foreign trade last year registered a considerable increase in volume. He believes that there is a great potential for Sino-British trade.

As long as the two countries work together, Li said, the prospect for development is broad.

Li expressed his hope that China and Britain, on the basis of equality and mutual benefit, will continue to co-operate in energy, transport, telecommunications and other fields. ■

Indonesia: Improving Relations With China

by Weng Wenzhang

In February 1989, Indonesian President Suharto decided to normalize relations between Indonesia and China which were "frozen" by the Indonesian government in 1967.

Sino-Indonesian relations, therefore, will be entering a new historical period. Indonesia, one of the largest countries in the Asian-Pacific region and Southeast Asia, has played an increasingly important role in both regional and international affairs.

to normalize relations with China at the beginning of 1989 as Indonesia's situation at home and abroad improved. Since then, Indonesia has sped up the process towards normal Sino-Indonesian relations.

In December of 1989 a Chinese governmental delegation talked with its counterpart in Indonesia for four days. Afterwards, the two sides issued a joint press communique saying that relations between the two countries

the basic elements in Indonesia's diplomatic policies — have restricted development of Indonesia's relations with China for more than 20 years.

In recent years, Indonesia's strategy towards national and regional security has changed. Realizing that economic instability was the main threat to the country's security, it began adjusting its strategy on national security. The attention of the Indonesian government has been focused on promoting the country's social stability and economic development. With the relaxation in world tensions and Western countries' increasing tendency towards trade protectionism, Indonesia's attitude towards the Association of Southeast Asian Nations (ASEAN) has changed. Although East-West tensions are easing, North-South relations are still strained, a situation which Indonesia feels may harm its economic development as well as that of other ASEAN countries, thus threatening the stability of the entire region.

Seeing trade protectionism as the main obstacle to the economic development of Indonesia and other ASEAN countries, Indonesia initiated a plan early in 1989 aimed at developing a regional strategy to deal with strained North-South relations and trade protectionism in the West. Suharto pointed out that Communist countries would not export their ideology to other nations and that Indonesia had no worries about the influence of communism in ASEAN countries. In the next two decades, the



Indonesia's Minister of State and State Secretary Moerdiono (right) meets with a Chinese delegation headed by Xu Dunxin (second from left).

And friendly relations between China and Indonesia will certainly have a positive influence on peace and development in the Asian-Pacific region and throughout the world.

In 1985, in an important step to improve relations with China, Indonesia decided to restore direct trade relations with China. Four years later, Suharto decided

would soon be normalized.

Suharto has repeatedly stressed that the starting point in Indonesia's diplomacy was to seek and maintain its "national interests." That includes maintaining "domestic stability" or "national security," developing "national construction" and maintaining "regional stability" or "regional security." These three factors —

main tasks of ASEAN members include strengthening cooperation in economic, culture, politics and defence and developing a joint strategy to deal with other regional groups such as the integrated market of the European Economic Community. Thus, to decide to restore normal relations with China in early 1989 was a necessary step for Indonesia.

Economics was also one of the important elements leading to the development of better relations with China. Suharto has maintained that foreign diplomacy would be of no importance if it did not pursue the goals of obtaining foreign loans and investment or of developing economic and trade relations with other countries. In the early 1980s, Indonesia began pursuing "economic diplomacy," believing that foreign diplomacy must serve the goals of the country's economic development.

Indonesia also decided to restore normal relations with China after considering its economic development. Restoring direct trade links with China would benefit Indonesia economically. Indonesia had been hit by the economic recession in the West and the steep decline in oil prices on the world market. It was anxious to expand its production and exports, except petroleum and natural gas, and saw China as a potential and large market.

The entrepot trade between Indonesia and China allowed middlemen to draw commissions of 10 to 15 percent, thus economic losses of several hundred million US dollars accumulated. Indonesia realized it was far behind Malaysia and other Southeast Asian countries in expanding into China's market. If it did not change its policy, it knew it would lose a good opportunity.

Indonesia received the most benefit after 1985 when Indone-



Xu Dunxin, (left of window) head of a Chinese delegation, meets with Indonesia's Foreign Minister, Ali Alatas (right of window).

sia restored direct trade links with China. The first 10 months of 1987 showed a balance of trade of US\$150 million, favourable to Indonesia. However, Indonesia had no diplomatic relations with China, and this blocked further development of economic and trade relations between the two countries. The Indonesian government then decided to conform with the times.

Normalizing relations with China is part of Indonesia's current diplomatic offensive to heighten the country's profile in the international community.

Early in the 1980s, Indonesia turned its attention away from its internal affairs and focused on the outside world in an effort to become a big player in the Asian-Pacific region. But after more than 10 years it realized that only by initiating multilateral diplomatic relations would it become an important nation in the region and play a greater role in the international arena. Therefore, 1989 might be viewed as the starting point of Indonesia's multilateral diplomacy. During the year, Suharto did three major things. He decided to normalize

relations with China. He visited the United States last June and he paid his first visit to the Soviet Union in September. All three events marked a new period in Indonesia's multilateral diplomacy.

Prospects for Bilateral Relations

Looking ahead towards the development of relations between China and Indonesia, there are several points:

First, both countries will support each other and co-operate in safeguarding and promoting peace and development in the world, especially in the third world and the Asian-Pacific region. To promote co-operation, the two countries must strengthen exchanges and mutual understanding.

Second, economic and trade relations between the two sides face new conditions as they develop rapidly. To speed up economic construction, China developed economic and trade relations with many countries and always wanted to restore diplomatic relations with Indonesia. To over-

The World Debt Situation in the 1990s

by Gu Yuqing

In the 1990s, debts will continue to pose a troublesome problem to many countries in the world. The problem not only threatens the development and social stability of developing countries, but will also produce a negative effect on global politics and the economy. How to surmount the debt crisis has become a question of worldwide concern.

Heavy Debt Burden

Since the debt crisis arose in 1982, more than 20 plans to overcome the problem have been formulated by international financial organizations and countries. However, the debt crisis continues to grow worse. By the end of 1989, the total debt of the developing countries was US\$1,290 billion. Seven years ago it was US\$700 billion. This year will see a 2 percent increase.

Latin American countries owe US\$420 billion or 40 percent of

that owed by developing countries. The heavy debt burden has produced serious results — increases in budget deficits, a drop in investment, economic stagnation and spiralling inflation. Statistics show that in 1988 the gross domestic product of Latin American countries increased by 0.6 percent compared with the previous year. And in 1989 the situation had not improved.

African countries are also facing a serious debt crisis, owing US\$230 billion in 1988. New debt in the first six months of 1989 amounted to US\$10 billion. The current total debt of African countries accounts for 85 percent of their annual gross national product. The debts African countries must pay this year amount to US\$30 billion. This will be an unbearable burden for most African countries stricken by poverty. Most of them just don't have the money to pay their debts.

Except for inefficient use of for-

eign loans by some debtor countries, the worsening of the debt crisis has been caused by high interest rates, trade protectionism and other unequal economic means the developed countries employ to shift their own economic crises. Many times, developing countries have strongly demanded that the developed countries change the irrational international economic order, write off parts of developing countries' debts, and give them necessary aid in order to promote the development of their economies. Some United Nations organizations have also voiced similar demands. Debtor countries in Africa and Latin America have had extensive consultations, and have decided to present a united front during their talks with creditor countries.

Brady Plan

Under strong pressure US Treasury Secretary Nicholas Brady announced a plan in March 1989 to reduce or remit part of the developing countries' foreign debts. Known as the Brady Plan, it encourages commercial banks to cancel part of developing countries' debts and demanded that international monetary organizations continue to provide debtor countries with new loans to promote the development of their economies and strengthen their ability

come its economic difficulties, Indonesia decided to increase its exports of non-petroleum products and natural gas with the hope of entering China's vast market. In the meantime, economic and trade relations between the two nations will probably develop rapidly. To meet the needs of economic construction, China must import many goods. The Indonesian consulate in Hong Kong made a careful study of China's imports and found that China imports 14 types of products, most of which can be supplied by

Indonesia. China is also interested in Indonesian goods. For nearly four years China directly imported Indonesian goods worth about US\$1 billion. Indonesia hopes the volume of annual bilateral trade will be US\$1 billion, a target that likely will be reached. China's exports to Indonesia are also promising. Indonesia needs China's soybeans, cotton, corn and coal, and is interested in Chinese machinery.

Third, exchanges in science and technology, culture, sports, personnel and in the academic

world have gradually increased between the two nations. In science and technology, the two countries have learned from each other to overcome their weak points. Their development level in science and technology is close and conforms to the requirements of both countries. Many opportunities exist for mutual exchanges and co-operation in the future.

With the restoration of diplomatic relations, China and Indonesia will enter a new historic period. ■

to pay debts. The Brady Plan was a softer approach to the Americans' tough demands for debt repayment. Viewed by the international community as the most constructive solution to debts after the Baker Plan it has been welcomed worldwide and warmly applauded by debtor nations.

However, in the past year implementation of the Brady Plan has met with great difficulties. Except for a few symbolic agreements reached between the international community and Mexico, the Philippines and Costa Rica, there have been no other achievements. It was hoped that the summit meeting of the seven major industrialized nations held in July 1989 in Paris would result in the Brady Plan being implemented. However, owing to differences over each countries' responsibilities and how to implement the plan, summit nations could only make empty promises and nothing practical was decided. Even a proposal to set up an international fund to help reduce debts was strongly criticized. Some creditor nations, trying to shirk their responsibilities, insist the solution to the debt problem of the developing countries be resolved within the World Bank, the International Monetary Fund and some UN subsidiary bodies. The facts show that owing to developing countries' heavy debt burden, it will be impossible to make significant breakthroughs in the process of seeking solutions to the debt problem if creditor countries do not reduce debts by a large margin.

As time goes by, people have begun questioning the feasibility and efficiency of the Brady Plan. First, nations that ask for aid from the Brady Plan must adjust their economic structure, but, few countries can accept such a harsh condition. Therefore, the debt situation of most debtor nations will not change. Second, since the plan was put forward, it has faced financial problems. It does not have enough money to support its activities. Even if its goal to raise sev-

eral tens of billion of dollars was attained, it would be of little help to the nations already heavily in debt. As a result, some authorities with the United Nations have said the measures in the Brady Plan are "inefficient." Most debtor nations complain that the Brady Plan has made little progress and are demanding the present debt strategy be adjusted, interest rates be reduced and the number of new loans be increased.

Ways to Solve The Debt Problem

In view of how the debt crisis came about, it can be seen that it is not only necessary but reasonable for creditor nations to partially reduce or remit the debt of developing countries. According to statistics, total debt of developing countries accounted for US\$420 billion in 1980. From 1980 to 1986, debtor nations spent a total of US\$650 billion to repay the principal with interest, or US\$230 billion more than their 1980 debt. By the end of 1986, developing countries owed US\$1,100 billion, mainly the result of unreasonable high interest rates. If debtor nations had repayed their debt at a reasonable fixed interest rate, they would not have such a high debt.

Over the past few years, the debt problem has remained unsolved since creditor nations have failed to carry out their obligations and more profits have been taken by creditor banks. The Brady Plan, despite some shortcomings, had given people a glimmer of hope. It presented a way to reduce or remit debt and interest payments of developing countries, a step towards solving the problem in the future.

The debt problem has not only hindered the economic development of developing countries but also that of developed countries. Some analysts believe that if developing countries import less than US\$1 billion of goods, Western countries will lose 24,000 jobs. It is reported that some Latin American countries, which have close relations with the United

States, have been forced to drastically reduce imports to repay their debts. The situation has made the United States lose at least US\$50 billion in trade with those countries between 1982 and 1988.

Some developed countries, keeping their own interests in mind, have begun taking a more positive and flexible attitude towards the debt problem. It is reported that the International Monetary Fund and the World Bank have provided about US\$20 billion to the developing countries. Japan has promised to provide about US\$10 billion in loans to developing countries. In May 1989, France declared that it would exempt 35 African countries from US\$2.35 billion of their public debt. In July of the same year, the United States also remitted US\$1 billion worth of debt for 16 African countries. In addition, West Germany, Belgium, Italy and some other Western creditor nations have promised to reduce or remit or rearrange part of developing countries' debt. In December 1989, 12 members of the European Community agreed to provide about US\$13 billion in aid to 66 developing countries. Of course, debtor nations are also trying to co-ordinate with creditor nations, taking the initiative in adjusting economic structure, making full use of their own resources to develop national industry, increasing exports and stepping up the ability to repay. All these are beneficial to promoting a solution to the debt problem.

Because the debt problem has accumulated over a long period of time and involves a huge amount of money, and some Western countries, especially the United States, have run up huge deficits, it is unrealistic to demand that they reduce or remit large portions of developing countries' debt in a short time. It means there is a long way to go before a reasonable solution to the debt problem is found. And it is hoped that creditor and debtor nations jointly work to explore every avenue to ease the debt crisis once and for all. ■

Environmental Diplomacy Gains Importance

by Ming Fei

During the 1980s, a declining environment posed an increasingly serious threat to the existence of human life and development, arousing worldwide concern and becoming a new problem in international relations.

Environmental experts have concluded from years of studies that the human race is facing at least 10 serious environmental problems. The greenhouse effect, a result of air pollution, is sharpening; water resources are running short and water quality is worsening. As well, soil is eroding, deserts are increasing and forests are decreasing sharply. Pollution of the oceans has become more serious than ever before with dangerous or poisonous wastes running rampant. Noise pollution is getting more severe and the ozone layer is being damaged. The population is growing too fast and some species are in danger of becoming extinct.

It is believed that during the 1990s the environmental problem will pose one of the most serious challenges for human society. Meetings as well as bilateral or multilateral consultations have been held to seek countermeasures, and environmental diplomacy is a daily occurrence.

Many organizations dealing with environmental protection have been set up. After a decision by the United Nations 27th General Assembly, the UN Environment Programme was established in 1972. Its purpose was

to organize and co-ordinate all environmental protection plans within the United Nations. Under the programme, June 5 was declared World Environment Day. Many countries have set up environment ministries or agencies. Environment protectionists in Western countries have even formed Green parties or launched Green Peace movements with the aim of protecting the environment and restoring the ecological balance.

tection were held. In March, environmental experts from 123 countries met in London to discuss measures to rescue the ozone layer; officials from 24 countries met at The Hague and issued The Hague Declaration on the protection of the Earth's atmosphere; delegates from 117 countries drafted in Basel, Switzerland, a treaty about the control and handling of the illegal transfer of dangerous wastes from one country to another. In Septem-



Barber Conable, president of the World Bank, visited a sewage-harnessing project in Shanghai on March 29, 1988. The project used a loan from the World Bank.

Photo by REN LONG

Many conferences on the protection of the environment have also been held. In 1972, the United Nations held its first conference to discuss the problem of the declining environment and issued a declaration and a plan of action to protect the environment.

In 1989, some significant conferences on environmental pro-

tection were held. In March, environmental experts from 123 countries met in London to discuss measures to rescue the ozone layer; officials from 24 countries met at The Hague and issued The Hague Declaration on the protection of the Earth's atmosphere; delegates from 117 countries drafted in Basel, Switzerland, a treaty about the control and handling of the illegal transfer of dangerous wastes from one country to another. In Septem-

ber, an international conference was held in Japan to discuss the protection of the Earth's environment. In November, officials of eight Latin American countries met in Brazil to discuss measures to rescue the Amazon rain forest.

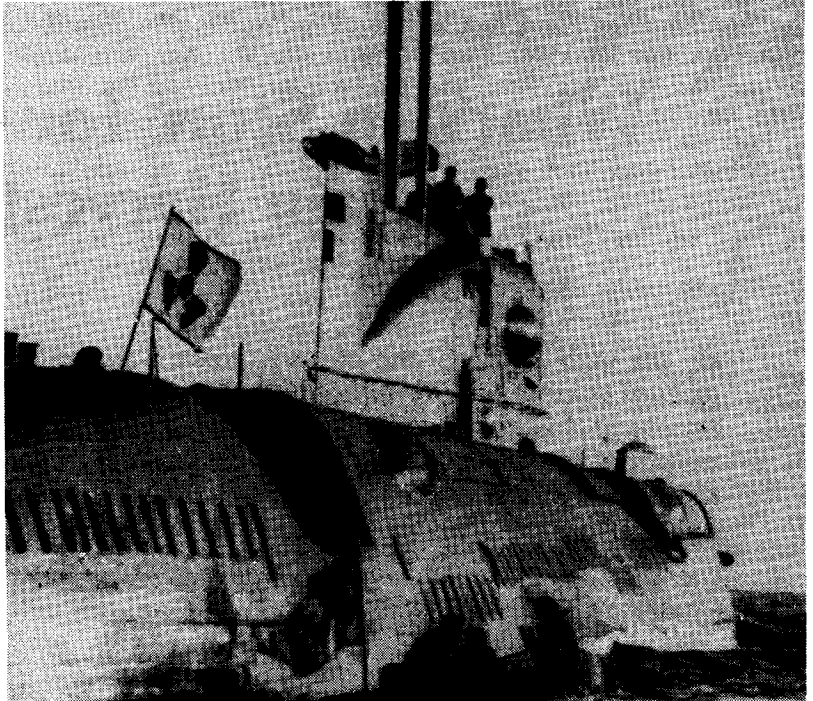
Moreover, more and more countries, especially developed countries, are actively making

efforts to hold high the banner of environmental protection. Norway's Madame Harlem Brundtland was minister of environment before she became the Norwegian prime minister. She focused on the issue of environmental protection so often that she became known as the "prime minister of the environment." British Prime Minister Margaret Thatcher also made frequent appeals for environmental protection and improvement of the ecology. In recent years, the problem of environmental protection has been added to the agenda of many summit meetings. Last July, heads of the seven major Western industrialized countries also discussed environmental protection at their summit meeting in Paris. In September, heads of the non-aligned countries, at their summit meeting in Belgrade, appealed for the drafting of a treaty on the protection of the world environment.

However, although hundreds of conferences on environmental protection have been held and more than 100 treaties or agreements have been signed in the past 20 years, few of these have been put into practice. This indicates that environmental diplomacy faces many problems.

First, the problem of protecting the environment has given rise to complex disputes where self-interests are at stake. Acid rain caused by industries in the United States falls on Canadian land, killing forests, crops, lakes and fish. Moves by European countries to transfer poisonous wastes to African countries are strongly opposed by the African people.

Environmental pollution knows no boundaries. The resulting disputes among developed countries, or between developed and developing countries, or among the developing countries are so complex that sometimes



Last June 29, members of the Green Peace organization planted a flag bearing the symbol of radioactivity on a Soviet submarine, travelling in international waters of the Baltic Sea.

they turn into major international conflicts. An effective solution has proved difficult to find.

Second, legislation to protect the environment has been difficult to formulate.

The goal of environmental diplomacy is to work out international treaties that are universally binding and are accepted by all countries. Therefore, the treaties must be scientific and should not conflict with relevant international laws and each country's domestic laws. Because of this, it takes much time and effort to work out these treaties.

Take, for example, the United Nations Convention on the Law of the Sea, which is aimed at promoting the development of sea resources and protecting the oceans. Beginning in 1958, discussions lasted 24 years before the convention was finally signed in 1982 in the Jamaican city of Montego Bay.

Third, protecting the environ-

ment requires huge amounts of funds and advanced technology. In those countries where people do not even have enough clothes and food, environment protection is a luxurious hope. As an example, the Sahara Desert expands at a rate of 10 kilometres a year. It is just out of reach for African countries to use their own resources to harness the desert. Even for developed countries, tackling such a huge project would prove a tough task.

In short, the worsening of the ecological environment has undoubtedly posed a serious threat to the human race. The emergence of active environmental diplomacy shows that the international community has paid much attention to the problem. If all countries in the world, especially developed countries that have more responsibility to protect the environment, co-ordinate their actions, then surely environmental diplomacy will gradually achieve success. ■

What's in Store for China's Grain Harvest?

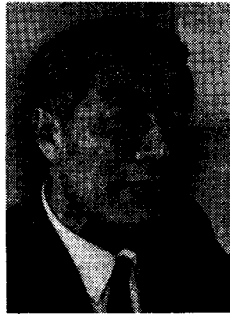
by Guo Shutian

By the year 2000, China plans to raise its grain output from the present annual volume of 400 million tons to 500 million tons. The possibility of reaching this goal lies in part, experts believe, in raising the per-hectare output of low-yield farmland by drawing the appropriate lessons from the nation's past experience in agricultural development and adopting appropriate measures.

Since China's rural reform was first introduced in 1978, grain production has undergone two notable stages. In the first stage, between 1978 and 1984, the total output of grain increased from 304.8 million tons at a record rate to 402.3 million tons; in the second stage, between 1985 and 1988, four consecutive years of poor harvest (all below the grain output level of 1984) aroused widespread attention both domestically and internationally. It was not until 1989 that the nation recorded a new record grain output of 407.5 million tons, greater than the peak level of 1984. This achievement, however, was offset by a growth in both population and consumer demand, and, as a result, the contradiction between the supply of grain and the demand for grain remains.

The author is director of the Policy, Law and Regulation Department of the Ministry of Agriculture.

What, then, are the major lessons to be drawn from China's



Guo Shutian.

CHEN ZONGLIE

grain production during the past ten years?

Six Year Increase

Between 1979-84, the nation had its fastest growth in grain production. Except for the drop in grain output in 1980 because of a natural disaster, there was increased output in the remaining five years, with an average annual growth in volume of 16.25 billion kg, or 5.6 percent; in the peak year of 1983, there was an increase of 32.8 billion kg. Thus, despite the population growth, the substantial increase in grain output raised the per-capita share of grain from 318.5 kg to 395.5 kg, greatly easing pressure brought by the shortage of grain supply. It should be noted that the six years of increased grain output were realized even as the sown area was reduced by some 7.7 million hectares (an average annual reduction of 1.3 million hectares). This means that, in contrast with the substantial increase in production of cash crops because of expanded areas

of cultivation, grain output managed to increase rapidly despite a reduction in sown area, due mainly to the ability to raise per-hectare output from 2,535 kg in 1978 to 3,615 kg in 1984. This fact points out China's enormous potential for further increasing grain production on its existing cultivated land.

A comparison between this six-year period and prior years is thought-provoking, particularly when looking at the difference in time required to increase output by 100 million tons of grain. The increase from 100 million tons in 1949 to 200 million tons in 1958 took nine years; from 200 million tons in 1958 to 300 million tons in 1978, 20 years; and from 300 million tons in 1978 to 400 million tons in 1984, six years. These figures would indicate that the growth rate slows as the base figure increases, but, on the contrary, there is reason to believe that grain output can still increase by a large margin so long as correct, effective measures are adopted.

What, then, were the major reasons for the increased grain output during this six-year period?

First, the fact that the introd-

uction of a contract responsibility system, linking remuneration to output and based mainly on family management, gave the farmers a major decision-making power in both production and management and thus sparked their enthusiasm was, undoubtedly, an important factor. It was not the only one, however, because it was only after 1982 that the household contract system was carried out nationwide.

Second, since 1979 the state has greatly increased the purchasing price paid for grain and, at the same time, paid 50 percent more for any above-quota purchases. The more above-quota grain purchased, the more farmers' income increased, clearly, a great incentive. Additionally, the cost of the means of production has also remained basically stable and the difference in price between industrial and agricultural products has narrowed slightly, so that the comparative earnings from grain production have risen. Farmers, then, were highly enthusiastic about growing grain.

Third, the increase in soil conditions to raise output, especially the application of chemical fertilizer, has been extremely important. After the dozen or so chemical fertilizer plants imported during the 1970s were put into operation, China's output of chemical fertilizers dramatically increased. This, plus imports, has boosted the use of chemical fertilizer from 43.68 million tons to 74.95 million tons, and their per-hectare application from 440 kg to 766 kg.

Fourth, popularization of practical science and technology,

especially the wider use of hybrid rice and maize in large areas, has played a major role in increasing production.

Fifth, the necessary infrastructure including many water conservancy projects and capital farmland construction, has been in place since the late 1950s and 1960s.

Sixth, during these six years, although state investment in agricultural capital construction decreased somewhat (from 5.3 billion yuan to 3.7 billion yuan, and its proportion in the total

based on increased profits and on a wider use of materials and technology. It would be unrealistic to exaggerate the role of the contract system and view it as the sole determining factor.

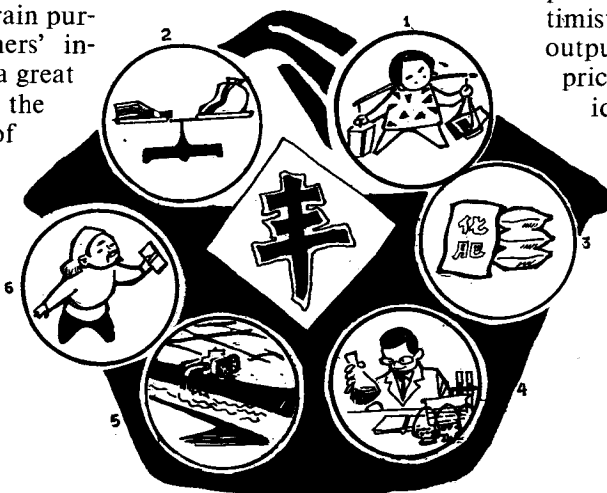
Four Years Fluctuation

Why the stagnation of 1985-88?

In 1985, based on the rich grain harvest of the previous year, the system of state monopoly of purchase was revamped and the system of contract purchase introduced. Although this was a major reform of the purchasing system, problems arose due to overly optimistic evaluation of the grain output in 1984, the low purchase price of grain and the dramatic

rise in the costs for the means of agricultural production. The result was a sharp drop in the comparative earnings from grain production. Grain growers, particularly those farmers in the new commodity grain producing areas, substantially reduced the area sown to grain, along with their output of chemical fertilizer and other materials. That year the total area sown to grain decreased by 4 million hectares from the previous year and the total grain output by 28.3 billion kg, a 6.9 percent

decrease. In 1986-87, although both sown area and per-mu (15 mu=1 hectare) output picked up as a result of the adoption of some minor-regulatory policies (such as adjustment of purchasing price and preferential policies by linking chemical fertilizer, diesel and advance payments with future grain purchase), total output was still below the 1984 level. In 1988, however, the



Reasons behind the quick rise in grain production: 1. Introduction of the contract responsibility system based on the household, with remuneration linked output; 2. Raising grain purchasing prices; 3. Use of more fertilizers; 4. Wider popularization of practical scientific and technical resources; 5. More water conservancy and irrigation projects and farmland capital construction; 6. More investment by farmers in farm production.

Drawn by ZHAO REN

investment in capital construction decreased from 10 percent to 5 percent), farmer investment actually increased. While investment in fixed assets for production rose from 3 billion yuan in 1982 to 11.3 billion yuan in 1984, the proportion of total farmer investment increased from 15.9 percent to 29.9 percent.

Clearly, the dramatic rise in grain output in the six years

sown area and per-mu output of grain fell and caused another reduction in total grain output. This type of fluctuation can normally be attributed to natural disasters. This, however, was not the major factor because the weather during the preceding years was normal throughout the country. Rather, decreased material input and a lessened capacity to conquer natural disasters resulted in the proportion of devastatingly affected areas to increase from 42 percent in 1980 to 48 percent in 1986.

It should also be noted that there was no major change in the contract responsibility system during the four years. The main causes, therefore, of stagnated grain production was an overall reduction in agricultural investment (including investment from the central, and local authorities, collectives and farmers), the lack of major improvement in production conditions, and in production capacity. The purchasing price set for grain was low, which combined with excessive price hikes for the means of production, reduced earnings and dampened farmers' enthusiasm.

There was a general neglect of agriculture during this time as investment, finance and credit were switched to industry. The result was a serious dislocation in both fields. Although the present fluctuation and the previous two major fluctuations between the years 1958-62 and 1976-78 occurred under different historical conditions, the serious impact they had on agriculture was similar.

How to Increase Output

In the light of such experiences and lessons, what are the best ways to end stagnated grain production and push it to new, higher levels? In my opinion, on the basis of stabilizing and im-

proving the household contract responsibility system, the following comprehensive, co-ordinated measures should be implemented:

—Genuinely implement the policy of taking agriculture as the foundation, and properly adjust the structural relations between industry and agriculture so as to ensure a stable and co-ordinated development of the two economic sectors. Besides maintaining a development ratio between industry and agriculture of 2.5:1, we must give investment, finance, credit, energy and raw material priority to agriculture in order to ensure its basic development needs. This should be written into law. When the level of the country's investment in capital construction for this year remains at last year's level, an additional investment of 1 billion yuan should be added to agriculture, a year with the most added agricultural investment over the past ten years. At the same time, local governments and farmers have also begun to increase input to agriculture. The state has decided that the proportion of foreign capital used in agriculture should not be less than 25 percent. We should remember past lessons and not repeat the mistake of neglecting agriculture just as the agricultural situation is beginning to improve.

—We should raise funds by various methods, establish agricultural development funds at all levels (central, provincial, prefectural, municipal and county), conscientiously strengthen farmland capital construction, expand irrigated area, raise overall production capacity, and increase reserves for agricultural development. At present, China has either built or is planning to build 254 commodity grain production bases and is encouraging these bases to make greater use of new science and technology.

There must also be an increased reliance on multiple crop planting through the use of intercropping and interplanting. China's current index of multiple cropping area is 150 percent, and with every one percentage point expansion in usage, we can increase the sown areas by 1 million hectares. China's southern areas should develop winter agriculture and rationing rice and increase the area sown to grain. more use should be made of improved, hybrid varieties, application of fertilizer according to recommended amounts, use of plastic films, comprehensive prevention and control of insect pests and relevant technology for high-yield cultivation. Jiangsu, Sichuan and Hunan provinces led the way by effectively using technical improvement fund to popularize technology.

In regard to existing cultivated land, two-thirds of existing medium- and low-yield fields should be targeted for improvement, with particular attention paid to medium-yield farmland with great potential for high yields. In 1990, the first year agricultural science and technology will be popularized in China, the state will increase funds for a "rich-harvest plan"(1) and, by ensuring that "projects will get enough support to meet their needs,"(2) will spread technology nationwide.

—We will thus, by increasing output, carry out a comprehensive development of new agricultural resources. In 1988, the state opened up 11 large tracts of land in the Huanghe, Huaihe and Haihe plains, the Sanjiang Plain in the northeast and Songliao Plain, using funds generated through land use taxes and in 1989, the state again developed eight large tracts of land in Jiangxi, Ningxia, Hainan and the delta at the mouth of the Huanghe River.

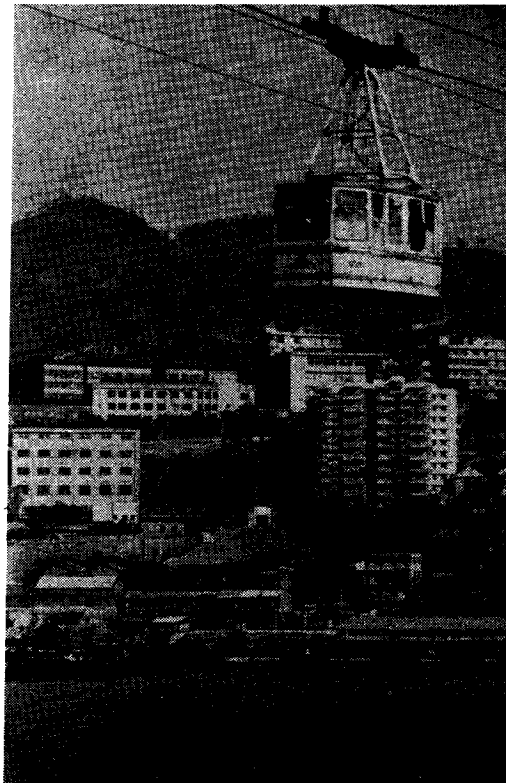
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The Mountainous City of Chongqing

Located at the confluence of the Changjiang (Yangtze) and Jialingjiang rivers, mountain Chongqing in Sichuan Province is known as a cultural city. It was built 3,000 years ago and once served as the capital of the Ba Kingdom in the 11th century BC. During World War II, after the city of Nanjing was occupied by the Japanese invaders, Chongqing became the provisional capital of the Kuomintang government and headquarters for the Far East war zone of the allied nations. Since liberation in 1949, the city has undergone an extensive development in industry, agriculture, commerce, science and technology. The city boasts nine districts and 12 counties and is one of China's largest administrative divisions.



Downtown Chongqing.

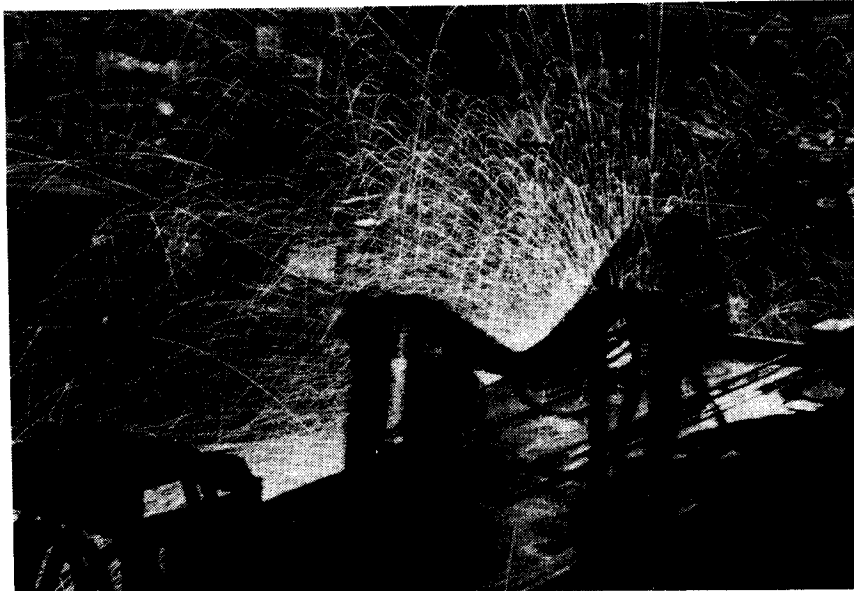


A cableway over the Jialingjiang River.



In 1983, the Chinese government designated Chongqing a pilot city for comprehensive economic restructuring. Since then, the city has expanded its role as a foreign trade port and enjoyed the decision-making power usually reserved for a province, a status which has resulted in increased economic development. Shown here is the panorama of the newly established Nanan Economic Development Zone.

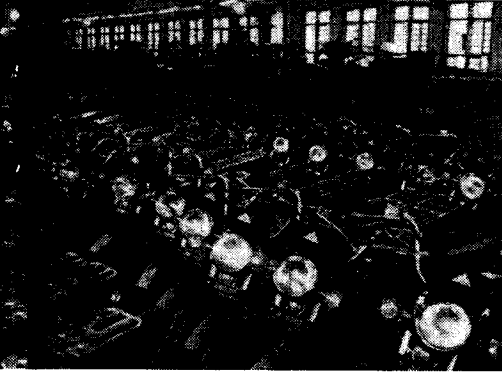
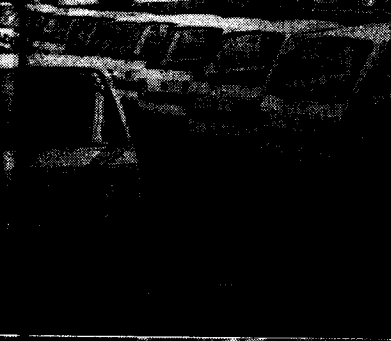
A rolling mill of the Chongqing Iron and Steel Co., one of China's top nine largest iron and steel makers.



An investigation has shown that Chongqing is rich in mineral resources, including coal reserves of more than 10 billion tons. This is the Zhongliangshan Coal Mine.

To meet the demand for energy supplies and create favourable conditions for economic development, the construction of a large thermal power plant, the Luohuang Power Plant, is now under way.





Chongqing, an automobile city, produces 30 percent of the country's automobiles and motorcycles. Above, the Changan pick-up for export. Below, a motorcycle-assembly workshop.

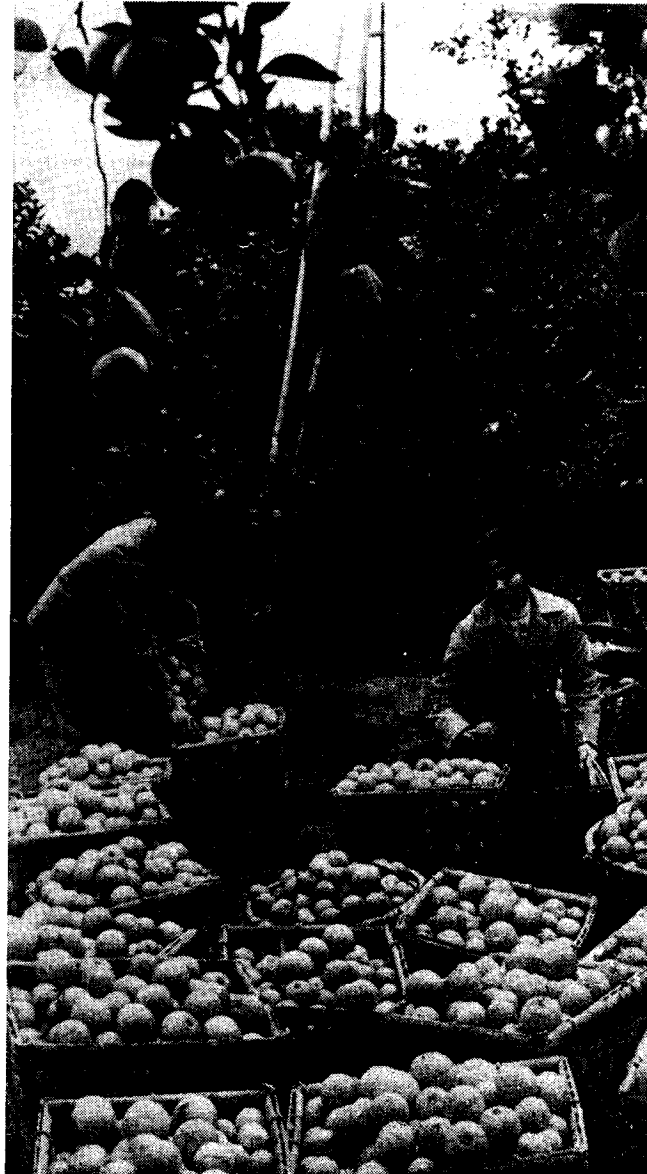
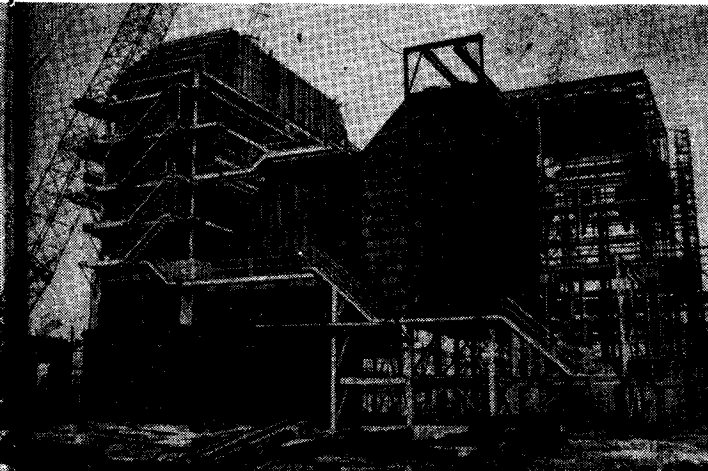


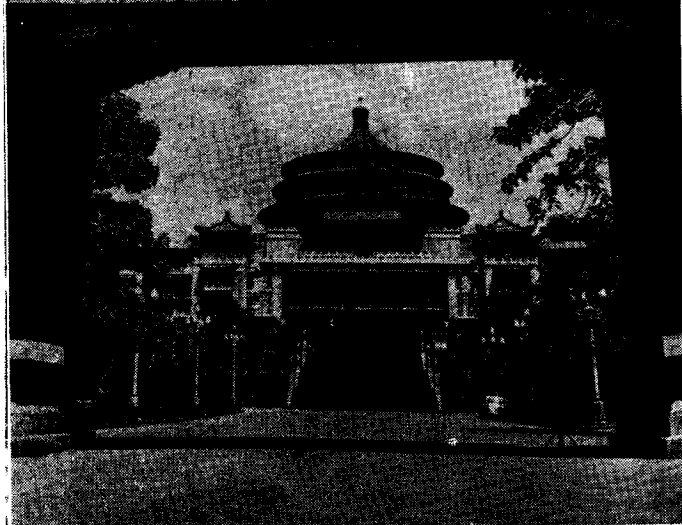
The Changjiang River, known as a "golden waterway" in China, has ocean-going route starting at Chongqing. Here is the Chaotianmen Harbour.

Chongqing, located in the central subtropical zone, has plenty of rainfall and fertile land for farming. Farmers on the outskirts harvesting oranges.



Since the adoption of the policy of reform and opening to the outside world, the city has established economic, technological and cultural ties with more than 100 countries and regions throughout the world. More than 1,200 kinds of local products are sold on the international market. Picture shows a Chinese businessman negotiating with a foreign businessman.



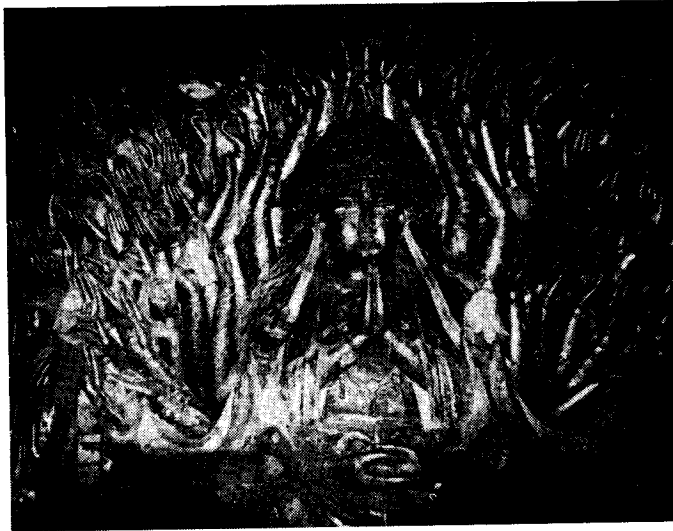


The People's Hall.

The Hot Spring Park on the northern bank of the Jialingjiang River.



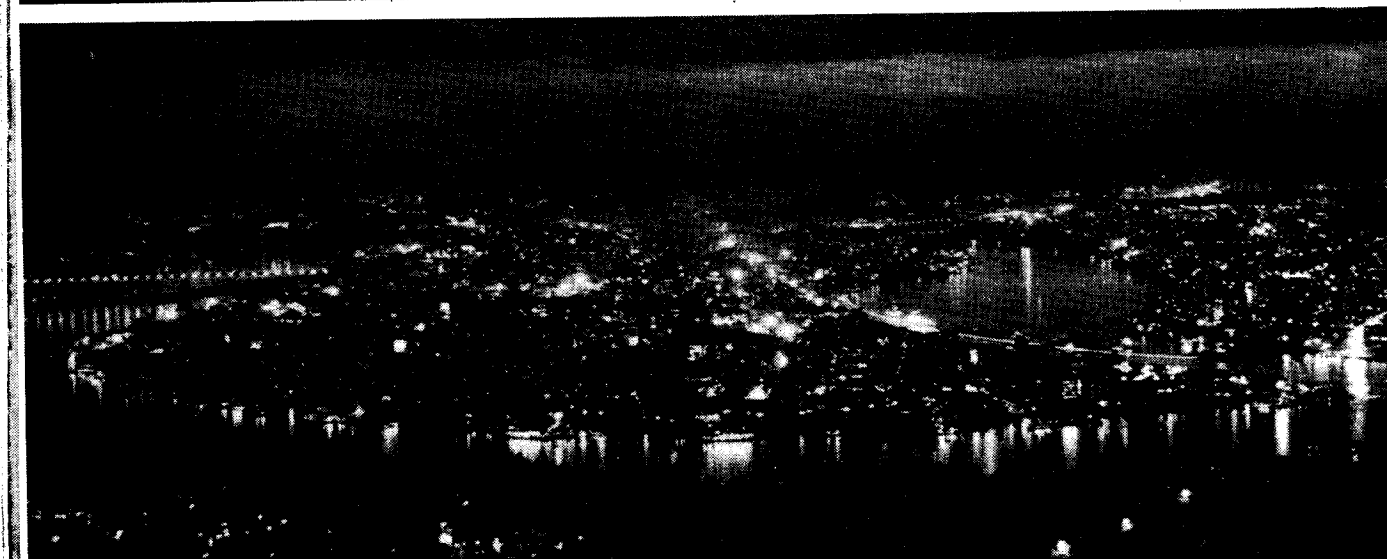
Performers of the Chongqing Acrobatic Troupe are well-known both at home and abroad for their well-accomplished skills. Prize winners give a demonstration of feet juggling.



This large, ancient stone carving near Chongqing is 1,300 years old. The Guanyin (Bodhisattva) with more than 1,000 hands has been highly praised by artists and tourists for its graceful appearance.

Photos by Changrong, Yuankai and Zonglie

A night view of Chongqing.



What Is It Behind The Dalai Lama's 'Plan'

by Sha Zhou

fertilizer, insecticide, polythene films, agricultural machinery and diesel fuel will be increased, specialized management improved, the prices stabilized for the means of production, and the supply of the means of production necessary for implementing the "rich-harvest plan" ensured.

We will stabilize the volume of grain purchase. Except for state-mandated changes, we will maintain quotas at all levels. Grain sold beyond the contract purchase quota is and will continue to be decontrolled, its sale regulated by market forces. The price for contracted grain will be raised systematically until it is close to the market price. The supply of chemical fertilizer and other materials linked with grain production will be ensured, so as to stimulate farmer enthusiasm.

To avoid major fluctuations in the grain market, we will set up central and local wholesale markets and grain reserve funds in major grain-producing areas. Last year, when the market price of grain fell and there was difficulty in selling grain, some local governments purchased grain from the farmers at a protected price.

In order to reduce the state's burden of financial subsidies, systematic reform of the grain marketing system will be carried out. Some provinces have decided to gradually switch the sale of grain at state-set price to sale at a negotiated price except for grain rationed for urban residents. The money generated by a higher selling price will be used to develop grain production. ■

1. The "rich-harvest plan" allows the state to provide interest-deducted loans to the selected projects which popularize agricultural science and technology.

2. "Projects will get enough support to meet their needs" means the state will ensure financial support for poverty-stricken areas and will provide the means of production at state-set prices.

The new "plan" for Tibet announced by the Dalai Lama in Oslo, Norway, where he received the Nobel Peace Prize in December, 1989, aroused worldwide concern and attention at the time. It was mistakenly thought by some as a "breakthrough" regarding the Tibetan "question."

One glance at the Oslo "plan," however, is sufficient to see that it is but a copy of his written speech distributed at the press conference on June 15, 1988 at Council of Europe, Strasbourg, France; although the Dalai Lama claimed that it was the only solution to the problem of Tibet and the "basis" of negotiation with the Chinese government.

Some international hostile forces working closely with the Dalai Lama, in an attempt to separate Tibet from the rest of China, have been using the "plan" as a weapon against

China. This has caused confusion among those who know very little about Tibetan history. It is thus necessary to provide a sound analysis of the Dalai Lama's "plan."

The "plan," based on the argument that Tibet is historically "an independent country," begins by saying that "my country, Tibet, is going through an extremely difficult period," and that "my country's history is one of independence."

Are these assertions accurate or a revision of historical fact? A cursory examination of the "plan" is enough to reveal that the author had searched far and wide for any historical basis, no matter how weak, to support his rationale for an 'independent Tibet.' Everyone with some knowledge of Chinese history, however, knows that China is a unified, multi-national country and was created by the concerted effort of all its 56 ethnic groups, Tibetans



Left: The Siqu, a farm family of Duihong Deqing County, Tibet, has had a decent life since democratic reform was begun in 1959. Their new home is furnished with Tibetan furniture and electronics. Right: Siqu's father, a house serf before the democratic reform, lived in a stable to care for animals day and night until he died.

JUE GUO

included, over a long-term historical development. As early as the 13th century, when the Mongolians established a central government, the Yuan Dynasty (1271-1368), in China proper, the area of Tibet was incorporated into the territory of China, a fact that was verified by a wealth of recorded data. No one has ever presented any authoritative material to refute this fact.

During the following seven centuries, up to the time of the founding of the People's Republic of China in 1949, Tibet's status as part of China remained unchanged even though the central government and the rulers of Tibetan local government changed several times. Even during the period from the late 19th century to 1951, when Tibet was peacefully liberated, the imperialists' attempt to separate Tibet from the rest of China by military, diplomatic and political means failed to alter China's indisputable sovereignty over Tibet. This was reaffirmed in 1951 when the 14th Dalai Lama expressed, on behalf of the Tibetan people, monks and laymen alike, support for the Agreement of the Central People's Government and the Local Government of Tibet on Measures for the Peaceful Liberation of Tibet in a cable to Mao Zedong, chairman of the Central People's Government. This proved that the agreement was the inevitable result of historical development, that Tibet was an inalienable part of China, and that China had indisputable sovereignty over Tibet.

But today the Dalai Lama asserted that Tibet had long been "an independent country" and that the central government should negotiate with the "government of Tibet." His intention was to transform China's internal affairs into a question between two countries and thus lay the groundwork for an attempt to separate Tibet from the rest of

China. Neither the Chinese government nor the Chinese people, Tibetans included, will ever accept this proposal.

In support of such claims, the Dalai Lama further asserted in his "plan" that Tibet, as "a self-governing, democratic, political entity," has "relations with the People's Republic of China." As such, the so-called "government of Tibet," the Dalai Lama added, "has the power to decide all matters pertinent to Tibet and the Tibetan people," and that the Chinese government is only "responsible for taking care of Tibet's diplomatic policies and maintaining a limited number of military installations." By such statements, the Dalai Lama attempted to turn the question of regional autonomy for minority nationalities within the territory of China into one of relations between a suzerain state and a dependency. This concept of relations between the central government and the Tibetan Autonomous Region has long been cherished by imperialists because if it were left to stand, it would pose a direct challenge to Tibet's legal status as an inalienable part of China.

It should be pointed out that the imperialists' assertion that China has only suzerainty, but not sovereignty, over Tibet has long been refuted by the Chinese central government; the idea has never once been accepted.

In his "plan," the Dalai Lama also advocated turning Tibet into a peace zone or a "buffer state" separating the big powers through a process of demilitarization and neutralization. This is patently absurd. As is well known, a so-called neutral peace zone is for situations requiring international guarantees. No country has ever set apart one of its own regions as a peace or neutral zone in order to separate itself from its neighbouring countries. No sovereign country can

accept such a situation.

All these assertions make it clear that the Dalai Lama has never abandoned his attempt to realize an "independent Tibet," even though no country has openly supported his goal of Tibetan independence. So extreme is the Dalai Lama in his view that it was only as a result of indisputable historical record and the political reality that he was brought to admit that China had "relations" with Tibet. Thus, the sole reason that he asserted in his "plan" that Tibet was "a self-governing, democratic, political entity" which had "relations with the People's Republic of China" was simply because it was a necessary part of his continuing plan of separation.

The Chinese government's response has been unequivocal: "China's sovereignty over Tibet is undeniable. Independence, semi-independence or independence in a disguised form, is unacceptable." The Chinese government and the Chinese people both hope the Dalai Lama will stop indulging, at the behest of imperialists, in activities designed to disintegrate the motherland. Both believe he can best help the cause of the Chinese nation and all its people, including Tibetans, by returning to the country and working for the benefit of national unity.

The Dalai Lama also asserted in his "plan" that "the Tibetan government" should consist of a head of the government elected by the people, a legislature consisting of the senate and the house of representatives, and an independent judiciary. Such sentiment would be expected from a Western political figure but is an absurdity coming as it does from a representative of feudal serfdom. By such statements, the Dalai Lama is attempting to sing the praises of the Western capitalist political system and negate the system of people's congresses

and of regional autonomy for minority nationalities, established according to the Constitution and the laws of the People's Republic of China, and negate the superior socialist system established in Tibet.

After the democratic reform, Tibet was designated an autonomous provincial-level region under the jurisdiction of the Chinese central government. Based on the Constitution and the Draft Law Governing Regional National Autonomy of the People's Republic of China, the people's congresses and governments were established at various levels in Tibet. In this system, Tibetans make up an overwhelming majority of the deputies to the people's congresses and government officials. They exercise their powers in accordance with the principle of socialist democracy and legality, and enjoy all the constitutional rights to democratic autonomy. In both practice and in theory, they have made great improvements to the socialist system. The result is that in the past four decades since its peaceful liberation, Tibet has brought about world-acknowledged achievements.

The most appalling aspect, however, of the Dalai Lama's "plan" is that he called the last four decades "the darkest in all Tibetan history," and said that the Tibetan people were "deprived of the opportunity to be educated, to prosper and to maintain their peculiar ethnic identity." He says, in a note of excessive drama, that "the tragedy continues." Complete nonsense as it is, it is nevertheless reminiscent of a remark made by President Abraham Lincoln of the United States, who stood for the abolition of slavery, delivered the Emancipation Proclamation and was later assassinated by a slave-owner. He pointed out that the sheep felt grateful to the shepherd who drove away the



Before the democratic reform, Tibet had only 462 primary schools and three secondary schools. Now, there are 2,466. Shenque Jiancun, principal of the Bange County Primary School in northern Tibet, with his students. TANG ZHAOMING

wolf and saw him as their liberator, while the wolf cursed the shepherd as a destroyer of freedom. When Tibet was under the rule of feudal serf-owners, more than 95 percent of the population was completely illiterate, and serfs and slaves had no rights to the means of production, and many even had no freedom of person. This is to say nothing of democracy, freedom, human rights or the opportunity to be educated and become prosperous. History provides the most accurate and compelling answer to the question of who has trampled on the human rights of the Tibetan people. The Dalai Lama's attempt to steer Tibet's political, economic and social system away from socialism, as expressed in his "plan," runs counter to the trends of historical development and to the interest and aspiration of the Tibetan people.

As can be seen from the foregoing analysis, the Dalai Lama based his "plan" on a distortion of Tibetan history and reality. The essence of the "plan" is to adhere to "Tibetan independence" and continue activities geared towards national separation. Hence it runs counter not

only to the basic interests of the Tibetan people but also to those of the Chinese people as a whole, and is flatly rejected by the Chinese government. No sooner had the Dalai Lama released his "plan," than the Chinese government pointed out that since the Dalai Lama had not in the least abandoned his stand on "Tibetan independence," his "plan" cannot be used as the basis for negotiating with the central authorities.

The central government's principled stand and attitude in regard to the Dalai Lama and his followers will, as always, remain consistent and open. The government invites the Dalai Lama and his followers to end their exile and return to the motherland so that they can contribute to national unification and unity, the realization of modernization programmes, and to the Tibetan people's prosperity and happiness. The only condition necessary to realize this aspiration is for the Dalai Lama to abandon his stand on "Tibetan independence" and recognize the fact that Tibet is an inalienable part of China. On this question of such major importance to the future of the Chinese nation, there is no room for bargaining. ■

China's Inflation—Its Causes And Plans for Control

by Our Staff Reporter Li Ping

The Chinese government's effort to control inflation, the result of many years of economic problems, has been initially successful. Its causes, however, are rooted in past economic miscalculations and will require continued improvement in economic management.

The most obvious signs of inflation in China appeared in 1988. The general index of retail market prices increased by 18.5 percent over 1987 and, by September, a run on savings deposits and a subsequent buying spree swept the whole country. Not only was the Chinese public anxious about the nation's economic situation, there were also international fears that China would be bogged down in the galloping inflation common to some Latin American and East European countries.

Reasons Behind Inflation

There is an old saying in China that it takes more than one cold day for a river to freeze three feet deep. In other words, China's economic troubles, clearly manifested in the inflationary rise of 1988, were the result of a variety of difficulties which had built up over several years.

The first sign of inflation appeared in the years from 1985 to 1987 when, according to statistics, the growth rate of the general index of retail market prices was, respectively, 8.8 percent, 6 percent and 7.3 percent. The economic performance of 1988 clearly, therefore, did not appear in a year's time but was a continua-

tion of the deteriorating economy of previous years.

Economists point out that the most direct cause of the continued inflationary rise in recent years was the increase in the volume of money in circulation, an increase which greatly exceeded economic growth (see table 1). There was more money available than goods to purchase, a situa-

aggregate social demand in recent years was mainly in the fields of investment and consumption. According to a report written by Wu Jinglian, a respected economist and research fellow of the Research Centre for Economic and Technological Development under the State Council, the national income in 1987 increased by 82.1 percent over

Table 1: A Comparison Between China's GNP and Cash Flow (%)

	1984	1985	1986	1987	1988
Rise of GNP	14.5	13.0	8.3	10.6	11.2
Rise of Cash flow	49.5	24.7	23.3	19.4	46.7

Table 2: Rate of Total Demand in Excess of Total Supply (%)

1983	1984	1985	1986	1987	1988
4.57	16.56	11.25	13.45	13.60	16.20

tion which resulted in a lower value for the nation's currency.

Experts also point out, however, that inflation can not be laid only at the doorstep of an over-issuance of money. The main cause, they believe, was overheated economic development and the outstripping of total supply by total demand. (See table 2).

China's continued increase in

1981 but the increase in investment and consumer demand greatly exceeded this rise.

This increase in investment and consumer demand is represented by the following figures:

- The total volume of fixed asset investment in all economic fields increased from 96.1 billion yuan in 1981 to 364.1 billion yuan in 1987, a rise of 278 per-

cent;

- The loan balance of circulating funds in industry and commerce increased from 237 billion yuan in 1981 to 604.3 billion yuan in 1987, a rise of 159 percent;

- The per-capita consumption level of both urban and rural residents increased from 249 yuan in 1981 to 506 yuan in 1987, an increase of 103 percent, while average labour productivity during the same period rose only 50.1 percent;

- Institutional purchasing power in 1987 increased 170 percent over 1981.

There was also a serious imbalance in the industrial structure, so that economic development became "bottle-necked" in some areas. First, there was a poor harvest. After a bumper harvest in 1984, agriculture fared badly for four consecutive years, and produce was in short supply. This resulted in price hikes for agricultural and for those light industrial products which use produce as raw material. Second, there was an imbalance between basic industry and processing industry. The rapid growth of the processing industry was far beyond the capacity of the basic industries to supply energy, transport services and raw and semi-finished materials. The unbalanced industrial structure led, therefore, to sharper contradictions between the available supply and the needs of society.

The main cause of the overheated economic growth, the serious contradictions between supply and demand and the imbalance in industrial structure lay, first, in an impatience for quick economic results during the preceding years, and in the lopsided desire for high growth at any costs, even at the risk of inflation. Second, there were major shortcomings in the economic structure, such as large subsidies, price limits and other non-

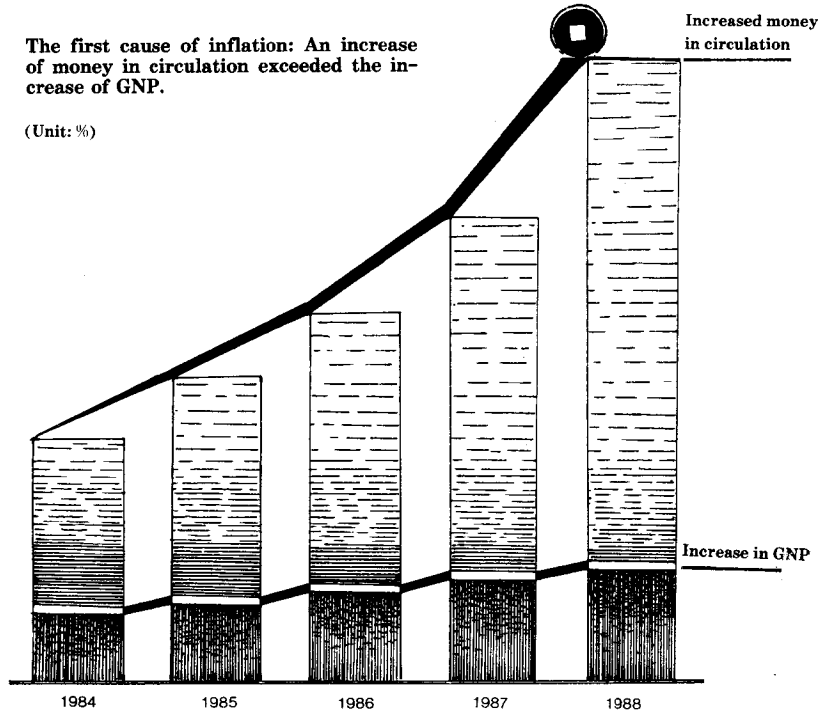
economic factors (eg. the price management system). These two conditions produced seriously distorted price signals, excessively low prices for agricultural products, raw and semi-finished materials, energy and short-supply goods, and an over-production in some profit-making processing industries (such as household electrical appliances). Currently, the economic structure is seriously flawed because, in the present financial system, localities are responsible for their own finances. This encourages, to a degree, localities to expand their investment in capital construction. All these condi-

1988 in order to deal with the nation's serious economic problems. Cooling down the overheated economy and fighting against inflation has thus become the government's central task in improvement and rectification of the economy.

The government recognizes the need to curb excessive demand and increase supply while it, simultaneously, readjusts the industrial structure. To this end, it adopted retrenchment measures in both finance and banking, tightened control over prices, and rectified the circulating order, thereby conducting an overall control on inflation.

The first cause of inflation: An increase of money in circulation exceeded the increase of GNP.

(Unit: %)



tions have contributed to the contradiction between supply and demand and to the deterioration of the industrial structure.

Control of Inflation

The Chinese government put forward the principle of "improving the economic environment and rectifying the economic order while continuing to deepen reform" in the second half of

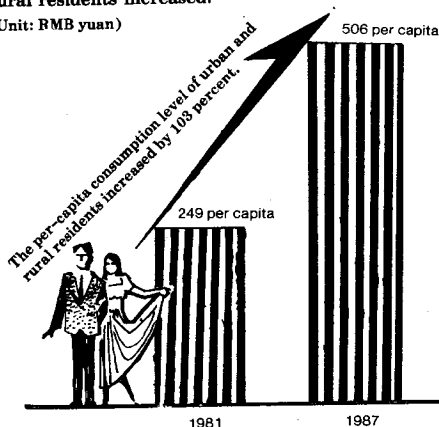
Banks. Retrenchment in banking was achieved by reducing credit and controlling the volume of money issued. The People's Bank of China followed a credit principle designed to "control totals, readjust structures, guarantee the completion of key projects, curtail the construction of ordinary projects and make timely readjustments." This principle not only ensured that the 1989 credit target was met, but also helped

some key industries to keep their production in line with the state's industrial policy. In order to absorb savings deposits and withdraw surplus paper money, the People's Bank of China twice raised interest rates on savings deposits for urban and rural residents. The second adjustment was made on February 1, 1989, when the interest rate was raised an average 3.06 percentage points. Inflation-proof deposits were also introduced for accounts having a term of at least three years.

Finance Departments. Finance departments tried to increase revenue and reduce expenditure by every means possible. Income taxes were readjusted, through reductions and exemptions strictly determined by appropriate rules and regulations, tax evaders audited and punished and institutional purchases and administrative expenditures limited. Efforts were made to strictly ban entertainment, gifts and tours at public expense. In addition, the Ministry of Finance issued 5.5 billion yuan in state treasury bonds and 12 billion in inflation-proof government bonds. This allowed the government to channel funds to specific state construction projects and develop production, and also to slow public consumption so as to alleviate the upward pressure on prices.

Price Control Departments. The departments concerned with price management tightened control over markets and prices. In accordance with the guidelines of the State Council, no department, locality or enterprise can arbitrarily raise prices or impose various other charges for the means of production or of

The second cause of inflation: The per-capita consumption level of urban and rural residents increased.
(Unit: RMB yuan)

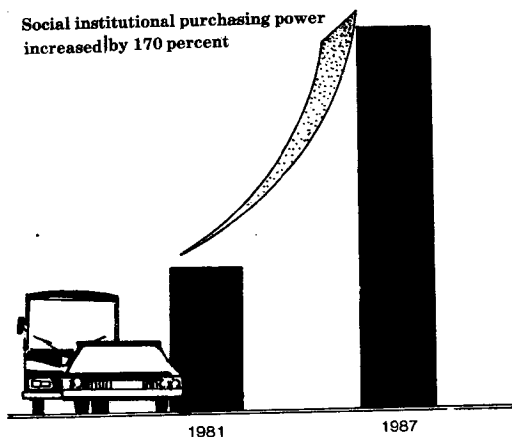


livelihood which are managed by the State Council; prices and charges under the control of local governments must follow State Council regulations; and the maximum price of essential agricultural and sideline products, industrial goods, and other means of production outside the state plan cannot be changed. Large and medium-sized cities must list catalogue prices of some basic non-staple foods and other necessary goods, and take comprehensive measures, such as financial subsidies, to ensure market supply and price stability; and local governments must tighten control and supervision over the prices of open commodities.

Industrial and Commercial

The third cause of inflation: An increase of Social institutional purchasing power.

Social institutional purchasing power increased by 170 percent



Management Departments.

These departments also helped in the rectification of the circulation order by merging some companies and punishing many "official profiteers".

After one year's effort, initial progress has been made in controlling inflation:

- Prices are getting lower and the growth rate is dropping monthly. In the eight months from April to November 1989, the general index of national retail prices was, respectively, up 25.8 percent, 24.3 percent, 21.5 percent, 19 percent, 15.2 percent, 13 percent, 8.7 percent and 7.1 percent over the same period of 1988;

- Investment in fixed assets has been curbed. From January to October 1989, investment in fixed assets of state-owned units was 131 billion yuan, 10.6 percent lower than the corresponding period of 1988;

- Bank credit has been kept under control. The balance of bank loans had reached 1,141.2 billion yuan by the end of October 1989, an increase of 86 billion yuan since the beginning of the year and a decrease of 13.1 billion yuan compared with the increase in the amount of loans during the same period of 1988;

- Bank savings deposits have dramatically increased. Bank savings deposits reached 480.6 billion yuan by the end of September 1989 and it's estimated that the total increase in savings' deposits for the year will exceed 100 billion yuan;

- The increase in consumption funds has been brought under control. From January to October 1989, total payroll reached 199.2 billion yuan. Al-

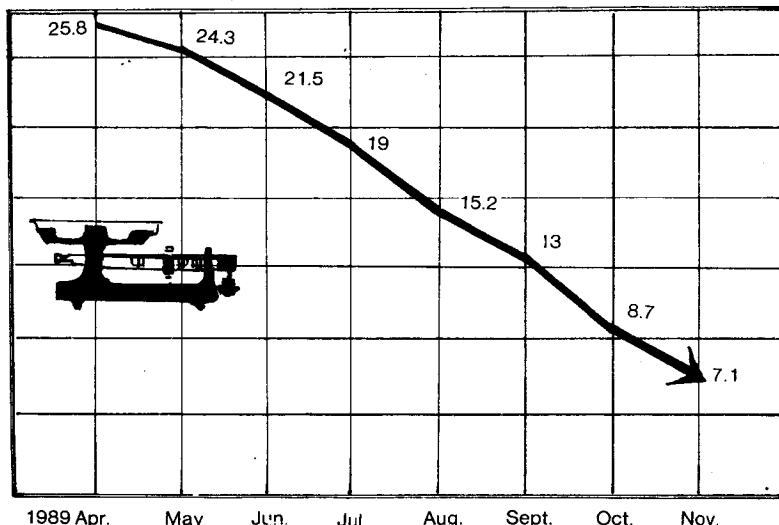
though, at first glance, this appears to be a 16.6 percent increase over the corresponding period in 1988, it was actually a negative growth when price hikes are taken into account.

Difficulties and Solutions

Although the nation has taken certain effective measures, the problems which have accumulated over the years are still fundamentally unsolved. Moreover, some new problems have appeared during the current economic retrenchment. The country's task, therefore, is still arduous.

Hong Yuncheng, director of the General Office of the People's Bank of China, said that although the 1989 economic growth rate was down as a result of the retrenchment policy, the rate was still going down too quickly. Moreover, he said, there was a negative industrial growth in October, the cause of which needed to be closely monitored. The most urgent task for banks, therefore, is to curb any further slide in production this year, particularly in the first quarter. For this reason, the People's Bank increased loans by 100 billion yuan in the fourth quarter of 1989 to ensure the purchase of agricultural and sideline products and products necessary for foreign

As a result of rectification, the monthly growth rate of the general index of retail sales from April to November 1989 was lower than in the same period of 1988. (%)



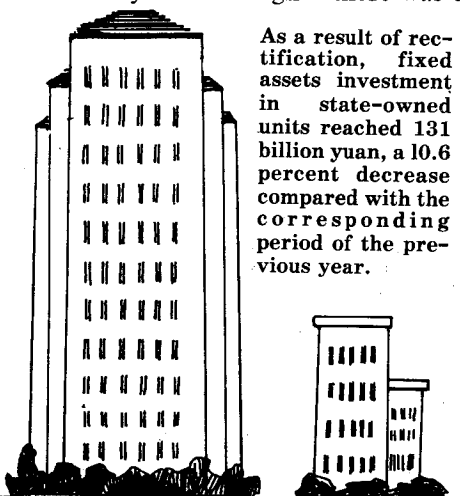
trade. The loans were also intended to support key state enterprises and enterprises with a ready market. He predicted that the volume of money loaned would adequately meet the aforementioned needs.

The senior economist also believes that more savings deposits will bring special problems. He said that there were more than 480 billion yuan in savings deposits nationwide. The more money in deposits, he noted, the less there was circulating in the mar-

ket. This would slow price hikes, but was mainly a form of recovery of currency credit, not of commodity credit, and so was inherently unstable. He compared it to a tiger which had entered a cage, the door of which is left open; it can injure people at any time.

Wang Yukun, research fellow of the Economic and Technological Development Research Centre under the State Council, thinks that the most outstanding issue of the present econo-

As a result of rectification, fixed assets investment in state-owned units reached 131 billion yuan, a 10.6 percent decrease compared with the corresponding period of the previous year.

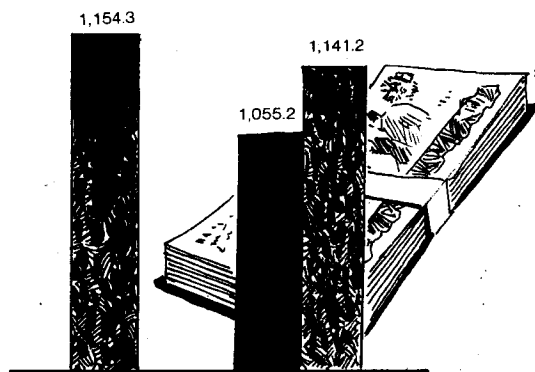


Jan.-Oct., 1988

Jan.-Oct., 1989

After rectification, the volume of bank credit was brought under control.

(Unit: billion yuan RMB)

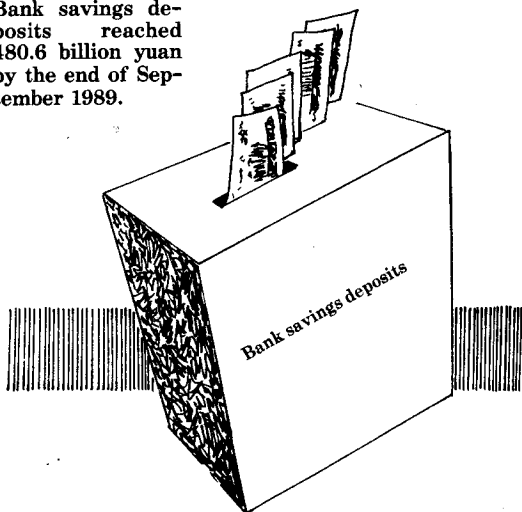


Oct. 1988

Early 1989 Oct.

mic troubles is the bearish market, which, like the buying spree in 1988, is a result of a structural problem. In his analysis, there exists a signal-enlargement mechanism for both supply and demand in China's market. Any change in either the supply or demand of goods has a ripple ef-

Bank savings deposits reached 480.6 billion yuan by the end of September 1989.



fect and is enlarged several times over in various fields. Judged from the demand side, China practises a welfare policy of in-kind material support, such as provision of housing, medical treatment, aid for the elderly and education, which are rationed by the government and through consumer items requiring long-term savings deposits. This method has limited consumers' choices to food, clothing and a narrow array of articles for daily use, raising demand for some commodities while causing stockpiling of others. The result is that the real situation in supply and demand is distorted. When examining the supply side, it's clear that all of the nation's localities have emphasized investing in profit-making industries, particularly in high-grade, durable and consumer goods industries, because of both the introduction of decen-

tralized decision-making power and the irrational pricing system. This generated unnecessary construction and an unbalanced industrial structure. The problem is compounded because industrial structures, once formed, are hard to change. Presently, goods without a market or goods that

have sluggish sales include such items as household appliances, flip-top cans, woollen products and other high-grade consumer goods. These goods without a market are clearly the result of earlier over-production geared to the temporary buying spree.

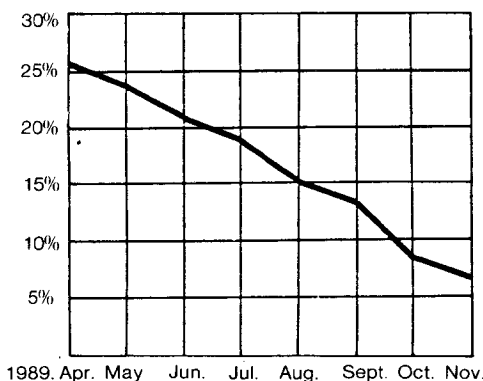
Wang thought that the slowing of price hikes in 1989 was, to a great extent, because of

same time, the imbalance in the consumer and industrial structure will inevitably create a tense market situation. So, Wang believes, the fundamental method to eliminate inflation is to lose no time in pushing reform forward.

In regard to China's 1990 market situation, Zhang Zheping, an official of the Ministry of Commerce, believes that the present bearish market is only temporary. On the whole, he says, although the 1990 market will be a little tight because total demand will still outstrip supply, it will be generally stable. Specifically, foodstuffs will be in short supply during 1990 and household goods in ample supply in the first half of the year and in short supply during the second half. In Zhang's opinion, given such forecasts, there are no grounds for blind optimism about the 1990 market and price situation.

Zhang says that the Chinese government is fully aware of the difficulties facing it and has taken appropriate measures. In 1990, the government will continue its retrenchment in both finance and banking and exert greater control over total demand. At the same time, efforts will be made to actively ensure the completion of key projects, quicken optimization of the industrial structure, strive to ensure a sufficient supply of goods and prevent economic slide. The government also recognizes the necessity to readjust the irrational pricing system. With continuous improvement of the economic environment, rectification of the economic order, and deepening of reform, Zhang believes China will extricate itself from the current economic difficulties and develop a steady, co-ordinated and healthy economy.

Decrease in the Rate of Price Hikes



strict price control, heavy financial subsidies and the bearish market of the retrenchment policy. However, distorted pricing should not and cannot be controlled by administrative means for long; large financial subsidies in particular have become a heavy burden, exceeding 80 billion yuan in 1989, and are a major cause of the nation's fiscal deficit. Such costs are too high for the state to bear. At the

China's Minority Nationalities

LIAO WANG
(Outlook Weekly, Overseas Edition)

China has a total of 55 minority nationalities, who speak many languages and practise many religions. The following are some statistics on China's ethnic groups:

Population. The minority population accounts for 8 percent of the national total. The Hans make up the majority of China's population of 1.09 billion.

There are 15 nationalities whose population has topped 1 million. They are Mongolians, Huis, Tibetans, Uygurs, Miaos, Yis, Zhuangs, Bouyeis, Koreans, Manchus, Dongs, Yaos, Bais, Tujias and Hanis. Among them, the population of the Zhuangs is the largest, reaching 13 million.

There are 15 minorities with a population of 100,000 to 1 million. Nineteen minority groups have a population of 10,000 to 100,000. Ethnic groups with a population of less than 10,000 number six. Russians and Hezhes are the smallest ethnic groups, with only 1,000 to 2,000 people.

Area. The areas where people of minority nationalities live make up 50 to 60 percent of the national total. There are 157 autonomous areas throughout China, including five autonomous regions, 30 autonomous prefectures and 122 autonomous counties.

Language, Written and Spoken. China's minorities speak more than 60 languages. Twenty-one have a written language. They are: Mongolian, Tibetan, Uygur, Korean, Kazak, Xibe, Dai, Uzbek, Kirgiz, Tatar, Russian, Yi, Naxi, Miao, Jingpo, Lisu, Lahu, Va, Hui, Manchu and She. The Huis, Manchus and Shes also speak the Han language. The Naxi has two languages.

After the founding of the Peo-

ple's Republic of China in 1949, the state helped reform the languages of Dai, Yi, Jingpo, Lahu, Uygur and Kazak, and also helped devise four written forms based on the Latin alphabet for the languages of the Zhuang, Bouyei, Miao, Li, Naxi, Lisu, Hani, Va and Dong.

Religion. There are many believers in Islam among people of the Hui, Uygur, Kazak, Kirgiz, Tajik, Uzbek, Tatar, Dongxiang, Sala and Baoan nationalities.

Buddhism in China is divided into the *Mahayana* sect—the "Great Vehicle" of salvation and the *Hinayana* sect—the "Little Vehicle" of salvation. Believers in Lamaism are the Tibetan,

Mongolian, Tu and Yugur nationalities. Some of the people belonging to the Naxi, Nu, Qiang, Pumi, Xibe Kirgiz, Ewenki and Daur nationalities also believe in Lamaism.

Mahayana sect believers are mainly the people of the Bai nationality. Other believers are from the Lahu nationality, and a few from the Zhuang, Bouyei, Dong, She, Naxi, Yi, Qiang, Manchu and Korean nationalities.

Hinayana sect believers are people of the Dai, Benglong and Achang nationalities.

Russian and a few of the Ewenki people believe in the Eastern Orthodox Church. Some members of the Lisu and Nu nationalities believe in Catholicism and Christianity.

(Issue No. 45, 1989)

Industrial Chain in Jiangsu

XINHUA RIBAO
(Xinhua Daily)

An industrial chain has been established in the southern part of China's Jiangsu Province with Suzhou, Wuxi and Changzhou as the central cities. Recent statistics show that this chain is the highest in industrialization level.

Within the borders of the Changjiang (Yangtze) River and Taihu Lake, the industrial chain runs from Changzhou's Wujin County in the west to Suzhou's Kunshan County in the east. More than 35,000 large, medium-sized and small enterprises have been established along the Nanjing-Shanghai Railway, Grand Canal and highways. With a total industrial output value of 90 billion yuan a year, the area turned over 5 billion yuan to the state. According to 1988 statistics, the general national product per capita in this region amounted to US\$800, the

goal set for the entire country to reach by the year 2000.

Suzhou, Wuxi and Changzhou are gradually turning into processing industrial bases combining traditional industry with new technology. By incorporating internationally advanced equipment and technology, Suzhou has become a major silk base, while Wuxi's large-scale integrated circuit, cassette recorder and functional ceramic material industries and Changzhou's electronic and electric machine industries take the lead in China. In the development of these three cities, village and township enterprises have been a decisive force. Their annual output value accounted for 55.7 percent of the total industrial output value.

Up to now, more than ten enterprises have set up factories in the United States, Malaysia, Thailand and Australia.

(October 5, 1989)

Zhejiang Exports More Fairy Lights

The Zhejiang General Fairy Light Factory, which has been fast becoming China's leading exporter of fairy lights, earned US\$790,000 in foreign currency in 1986, US\$5.67 million in 1988 and US\$12 million in 1989.

Located in Huangyan City, Zhejiang Province, the decade-old factory manufactures more than 50 products in the Noel and UL styles which sell well in 29 countries and regions including Europe and America. In order to promote product quality, the factory accelerated the pace of technological upgrading and introduced advanced equipment in 1986, which helped boost produc-

tivity, lower the costs of production and bring the factory's products up to the standards set by the American Centre of UL Testing. In July 1989, the lights were awarded a silver prize at Beijing's First International Exhibition Fair.

Looking to gain name recognition for their products in the international market, the factory sought to meet the requirements of foreign businessmen and in this way established close ties with them. At the same time, the factory established a quality-control system which satisfied the demands of foreign clients. An American businessman said that the products produced in the

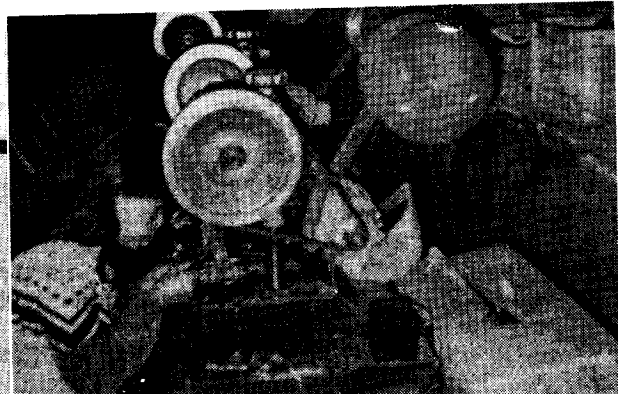
Zhejiang General Fairy Light Factory are better than comparable products made in Taiwan and sold in the American market.

The Zhejiang fairy lights are much sought after in the international market. Since the UL-series of fairy lights first found their way into these markets, they have caught the fancy of local businessmen. In 1990, the amount of orders for the fairy lights by original customers has reached 12 million, far exceeding the production capacity. The factory's rate of products for export, constantly on the rise, was 50.14 percent in 1986; 72.2 percent in 1987; 90.46 percent in 1988 and 98.48 percent in 1989. The factory is now an export-oriented enterprise which aims to earn foreign exchange through export.

The factory is expanding its scope to meet export needs. To date, it has four branch factories,



Director Qu Hancheng (second right) inspecting the quality of lights with his colleagues.
ZHANG LUJIE



A workshop of the Zhejiang General Fairy Light Factory.
YANG LIMING

more than 70 processing workshops for semi-finished goods and four assembly bases.

In line with the increasing demands for the fancy

lights, the factory has planned to turn out 5 million UL-standard fairy lights in 1990. In addition, the Noel line of goods will stay at the 1988 production quota. It is established that the general output value of industrial production would top 100 million yuan, yield a profit of 10 million yuan and earn foreign exchange of US\$22 million. ■

More Funds For Iron and Steel Industry

In the 1990s, China plans to introduce US\$10 billion in foreign funds for expanding steel output by 20 million tons.

According to Zhang Ying, deputy general manager of the China Iron and Steel International Investment Corp., 12 iron and steel makers have been slated for using foreign funds. For example, the Anshan Iron and Steel Co. signed loan contracts with foreign countries to produce 2 million tons of steel products and seamless steel tubes, while the Laiwu Iron and Steel Works in Shandong Province also initiated US\$240 million contracts with foreign countries (half of which originated with the Asian Development Bank) to produce 400,000 tons of steel products. Other iron and steel works that plan to introduce foreign funds for expansion of production include the Tianjin Seamless Steel Tube Works, the Wuhan Iron and Steel Works, the Benxi Iron and Steel Co., the Maanshan Iron and Steel Co., the Taiyuan Iron and Steel Co., and the Xiangtan Iron and Steel Co. Foreign funds are also needed for the construction of two 400,000-ton steel works respectively in Putian, Fujian Province and Guangzhou, Guangdong Province. They will mainly produce the most needed seamless steel tubes, cold- and hot-rolled steel plates and special steel products for automobile manufacture.

Although China produced 60.1 million tons of steel products in 1989, Zhang said, both the quantity and quality could not meet the needs of the country's economic development. More than 10 million tons of imported steel products are required annually. The aim of pooling a large amount of foreign funds is to quicken the production of those steel products

that are in short supply on the home market and locally produce all the variety it needs.

The main channels of foreign funds for China's iron and steel industry include loans from foreign governments and international financial organizations, and commercial credit. Since 1978, China has spent US\$5 billion in foreign funds for the import of 700 technological items and facilities.

by Li Ming

Scope of Imports Remains the Same

Although China is now in the midst of economic readjustment and a peak period of debt repayment is approaching, the scope of imports will not be reduced, according to Liu Xiangdong, a spokesman for the Ministry of Foreign Economic Relations and Trade.

China's 1989 import value came to US\$38.27 billion, a drop of 3.9 percent from 1988. The main reason for this is the economic sanctions imposed by some Western countries and the subsequent reduction in loans and technology transfers to China after the June 4 turmoil in Beijing. On the other hand, the curtailed scope of capital construction at home caused a decline in imports.

In 1990, Liu said, the scope of imports will not reduce but the mix of imports will be readjusted. First, the import of materials needed for the economic development and the people's life will be guaranteed and the import of advanced technology and equipment will be increased. At the same time, the import of luxury consumer goods and those products that China is able to manufacture will be restricted.

Since the third quarter last year, China's foreign exchange reserves have increased monthly. In

the 80 days from October 1 to December 20, for example, the foreign capital reserves increased by US\$2.2 billion. By December 20, the total foreign capital reserves reached US\$16.3 billion, showing that China can afford to clear its foreign debts, but to increase imports as well.

by Yao Jianguo

Santana Logs Record Profit

The Shanghai-Volkswagen Auto Co. marked its highest annual profit in 1989 since 1985 when it encountered some problems in both management and production for a while. General Manager Wang Rongjun announced at a recent press conference that his company's output of 15,689 Santana cars in 1989 were all sold out.

According to Wang, car production at the company rose 19 percent over 1988. Since beginning operation, the company has made increasing profits every year. Although it encountered difficulties last year, the company still had its best results in four years.

The company is China's largest joint venture with the Federal Republic of Germany with an investment of 980 million yuan shared equally by both sides. The contract's term is at least 25 years.

In 1989, the company made much headway in locally producing spare parts. The proportion of domestically produced spare parts, numbering 781, reached 53.77 percent last year, 23 percentage points higher than in 1988.

According to Wang, the company planned to produce 17,000 Santana cars in 1990, with 70 percent of the spare parts home-made. At the same time, Wang said, he expects improved quality and decreased prices as a result of improved efficiency. ■

Evidence of Yi-Shu Link Discovered

Symbols inscribed on 2,400-year-old bronze artifacts unearthed in southwest Sichuan Province have always been called "Bashu symbols" or "Bashu pictographic language" by archaeologists.

A new examination of the symbols, however, has established a link with the language spoken today by the Yi minority nationality in southwest China, said Qian Yuzhi, senior engineer of the Sichuan Provincial Association of Science and Technology.

Basing his research on this presumed link, Qian says that he has deciphered three Bashu symbols inscribed on a bronze weapon that say, "bronze dagger-axe used by Nuosu."

Bashu, or "Shu" for short, was the name of an ancient tribe in

central Sichuan. Around 1000 BC, a man called Can Cong named himself leader of the Shu tribe and the title was handed down for 12 generations. The discovery of many fine artifacts excavated between 1980 and 1986 in Sanxingdui, Guanghan County, proved that the State of Shu had a long-standing history and culture.

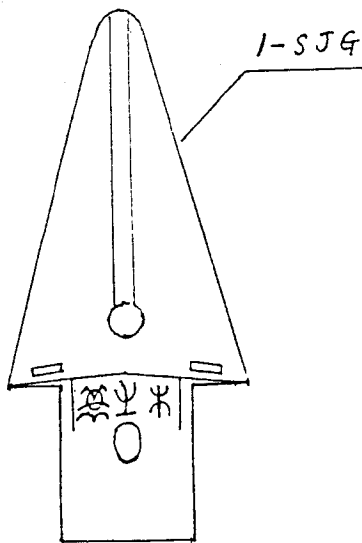
In 316 BC, the Shu homeland was swallowed up by the State of Qin, which resulted in many Shu officials and civilians fleeing to southern lands occupied by the Yi. This was the second time Shu people had fled south, a crisis in 667 BC having led to an earlier exodus. Based on this evidence and after studying a wealth of recorded material, Qian concluded that the displaced Shu mingled with the Yi, and that today's

Yi people are the descendants of the original Yi inhabitants, Shu immigrants and other ethnic groups.

There is evidence of cultural similarities between the Yi and the Shu. For example, both people practised tiger worship; Shu dagger-axes were often adorned with tiger motifs.

After reviewing the close relationship between the two peoples, Qian compared the written Yi language with Bashu symbols. This analysis revealed that all of the strokes used to write the three Bashu symbols were also contained in modern Yi script.

Turning to grammar, Qian found that the word order in Yi sentences—subject, object, predicate—coincided with historical reports about Shu speech. Ancient Han writers had commentd



Three Bashu symbols engraved on the shaft of a bronze dagger-axe weapon have been deciphered to read "bronze dagger-axe used by Nuosu."

1. 祭 生 木	6. 田 丁 丁 丁 丁 丁
2. 卅 卅 卅 卅 卅 卅 卅 卅	
3. 卅 卅 卅 卅 卅 卅 卅 卅	7. 卅 卅 卅 卅 卅 卅 卅 卅
4. 卅 卅 卅 卅 卅 卅 卅 卅	
5. 卅 卅 卅 卅 卅 卅 卅 卅	
9. 卅 卅 卅 卅 卅 卅 卅 卅	
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Boxes 1-7 show inscriptions from ancient Shu bronze weapons, comparable with Yi script in box 9.

on the reversed order of the words in Shu grammar, with the object preceding the predicate. This led Qian to conclude that the Yi language evolved from the Shu.

Armed with these concepts, he tried to decipher the symbols on the bronze dagger-axe. Assuming the symbols were arranged from left to right, the first symbol was composed of an upper and lower part. His second assumption was that the upper part was the pictographic symbol of a tiger because the Shu, like the Yi, were tiger worshippers.

The Yi have long called them-

selves "nasu" or "nuosu." "Na" and "nuo" in the Yi language mean tiger, while "su" indicates people or clan. Spoken quickly, "nuosu" sounds like "shu." From this, Qian concluded that the first symbol should read "nuosu."

According to the general rule of inscriptions on bronze weapons, the second symbol could be deciphered as "dagger-axe," or "bronze dagger-axe." The third symbol had the meaning of "use" or "used by." Thus the inscription could be read as "bronze dagger-axe used by Nuosu."

Archaeologists believe that Qian's approach of using the Yi

language as a basis to decipher Bashu symbols has provided a key to unlock the secrets of ancient Shu civilization. It will also be helpful in the study of the origins of other ethnic groups in southwest China.

Qian Yuzhi has been engaged in the study of Han character information processing technology for many years and has encountered more than 100 kinds of foreign and Chinese scripts.

He believes that Shu relics, particularly the large finds made at Sanxingdui, prove the ancient Shu people were the creators of a splendid civilization.

by Lou Linwei

Building Beijing for Seven Generations

It is fitting that senior civil engineer Ma Xuchu, an architect specializing in Beijing's ancient buildings and gardens, has been chosen to direct the rebuilding of a great hall in front of the mausoleums of emperors of the Ming Dynasty (14th century AD) in northwestern Beijing.

Fitting because Ma represents the seventh generation of builders the Ma family has produced over the past 600 years.

The history of the family's contributions to Beijing architecture dates back to the early years of the Ming Dynasty and is closely connected to the now-closed Xinglong Timber Mill which used to also make glazed tiles in its kilns.

In 1407, Emperor Chengzhu of the Ming Dynasty had workers gathered from all over China for a massive rebuilding of the Forbidden City. Among the master carpenters were Kuai Xiang, Liang Jiu and Ma Tianlu. Ancient architectural buildings in

Beijing then were mostly of brick and wood structure, therefore to build palaces, skilled carpenters were necessary. Ma Tianlu, founder of the Xinglong Timber Mill, was a prosperous and highly skilled carpenter.

Beginning in 1408, during Emperor Yongle's reign, he participated directly in the large-scale expansion and renovation of the ancient Forbidden City and the backs of many of the glazed tiles that cover the Forbidden City's various halls still bear the Xitonghe mark that shows they were made in the kilns of the Xinglong Timber Mill.

The mill's heyday came during the reigns of the Qing Dynasty (1644-1911) Emperors Kang Xi and Qian Long (1662-1795).

Because of the Ma family's close relations with the palace during the previous dynasties and its reputation for quality, it took part in the building and repair of many palaces, temples and gardens, such as Yuanmingyuan (the old Summer Palace

which was burnt), Qingyiyuan (the new Summer Palace), the Grand Buddhist Incense Pavilion at the Summer Palace, the three lake-centred parks (Beihai, Zhonghai and Nanhai) and rows of houses in the Forbidden City year through.

An interesting episode of the Ma family occurred during the building of the Nine-Dragon Screen Wall in the Forbidden City.

In 1771, under the reign of Emperor Qian Long, Ma Deliang was given the responsibility for building the wall. During construction, one of the coloured glazed tiles was damaged and there wasn't enough time to replace it. But because the project was constructed under the edict of Qian Long himself, if it was not completed in time Ma would be beheaded.

Clever workers considered the problem and came up with an idea. They carved a piece of wood and painted it to look like a glazed tile. When the emperor carefully inspected the wall he didn't notice the flaw, an indication of the skill of the workers. What is more, that false tile is still there on the belly of the

third dragon from the left, still looking like an original glazed tile after more than 200 years.

Ma Deliang's son, Ma Huitang, ran the Xinglong Timber Mill until the beginning of the 20th century and changed its name to Hengmao Timber Mill. And until the beginning of the War of Resistance Against Japan, the Ma family continued to be responsible for repair and renovation of the Temple of Heaven, where emperors once offered sacrifices to heaven; Yonghe Palace, the largest lama temple in Beijing; the Imperial College, the highest educational institution in ancient times; many *pailou* (decorated memorial archways) in the city.

Ma Zhengqi, the architect son of Ma Huitang, went to Taiwan in 1949. There he designed and was in charge of the building of the Palace Museum. He died in Taiwan in the early 1970s.

Ma Xuchu, 68, is the son of

Ma Zhengqi and has inherited the skills of his ancestors. He has made great achievements in producing glazed tiles in the style of Ming and Qing Dynasty architecture. And in designing his architectural works he takes into account the traditional characteristics of Beijing buildings, including the colourful decoration on beams and pillars and carved stone.

In recent years, he has participated in the renovation of the Taisui Hall at the Xiannong Altar where ancient emperors offered sacrifices to the God of Agricultural Production, the Buddhist Incense Pavilion and the Summer Palace, Beihai Park and the Suzhou Fair Street. He was also in charge of making a large number of wooden models of places of interest and scenic spots. They are scheduled to go on display at the Taisui Hall at Xiannong Altar this year.

Ma Xuchu has great affection

for Beijing's ancient architecture and regrets that so much of it has been destroyed. While talking about the former city wall, he gave a sad sigh and said: "In the past, people described Beijing as a beauty, the city wall was like a beautiful necklace around her neck. It's a pity that this necklace has been torn asunder."

"At present, people in this ancient capital can only see the Temple of Heaven, Tiananmen Gate-Tower and the Forbidden City on the central axial line. Apart from these, buildings which represent the style and features of architecture can hardly be seen.

"But, in the last 10 years, people have been paying more attention to protecting ancient remains. I will make every effort in my lifetime to leave something valuable for future generations," Ma Xuchu said.

by Liu Zhangchun

The Film Industry on a Roll

China's film industry may be able to expand this year, both in number of films released and in cinema attendance, despite various difficulties.

The first year the country experimented with what was known as contract system in its film distribution departments, 1989 was a great success, as seen in the revenue increase.

Initial statistics show that the country's box-office revenue hit 2 billion yuan (US\$425 million) last year, a record high. The distribution income surpassed 900 million yuan, though the number of movie-goers, more than 16 billion, was slightly lower than the previous year.

The country's 500,000 film distribution and cinema employees, however, will have to cope with many existing problems to achieve a higher goal.

Money shortage will be a primary problem. In Shanghai, for example, the cost of showing a film was over 100 yuan last year, double the figure for 1979. Prices of coal and electricity have risen recently, yet most film projection teams have not correspondingly raised their ticket prices. Their expenditures, therefore, may exceed income this year. The same is true for the distribution departments.

Secondly, the nationwide shortage of funds will force the 16 film studios to give up producing popular films that require a bigger investment.

Thirdly, 2 billion fewer people attended films last year than the previous year, a 10 percent drop, and the tendency is continuing. As the government is readjusting the national economy, the film market is expected to be further affected.

Nevertheless, experts also see a change for the better in the film industry.

Having demolished pornography, the central authorities are encouraging people to participate in healthy entertainment. As a popular art form, film is expected to find favour again among the general public, especially since many cinemas in big cities have been equipped with modern facilities in recent years.

As the film distribution departments have to take full responsibility for their earnings and losses according to their contracts, they must make every effort to stimulate their employees' initiative to perform better.

This year, many film studios are trying to take into consideration both income and the social influence of their products. Films that reflect the current changes will soon come into being. If due attention is paid to their publicity and promotion, these films will bring fortune to the film industry. ■

ART PAGE

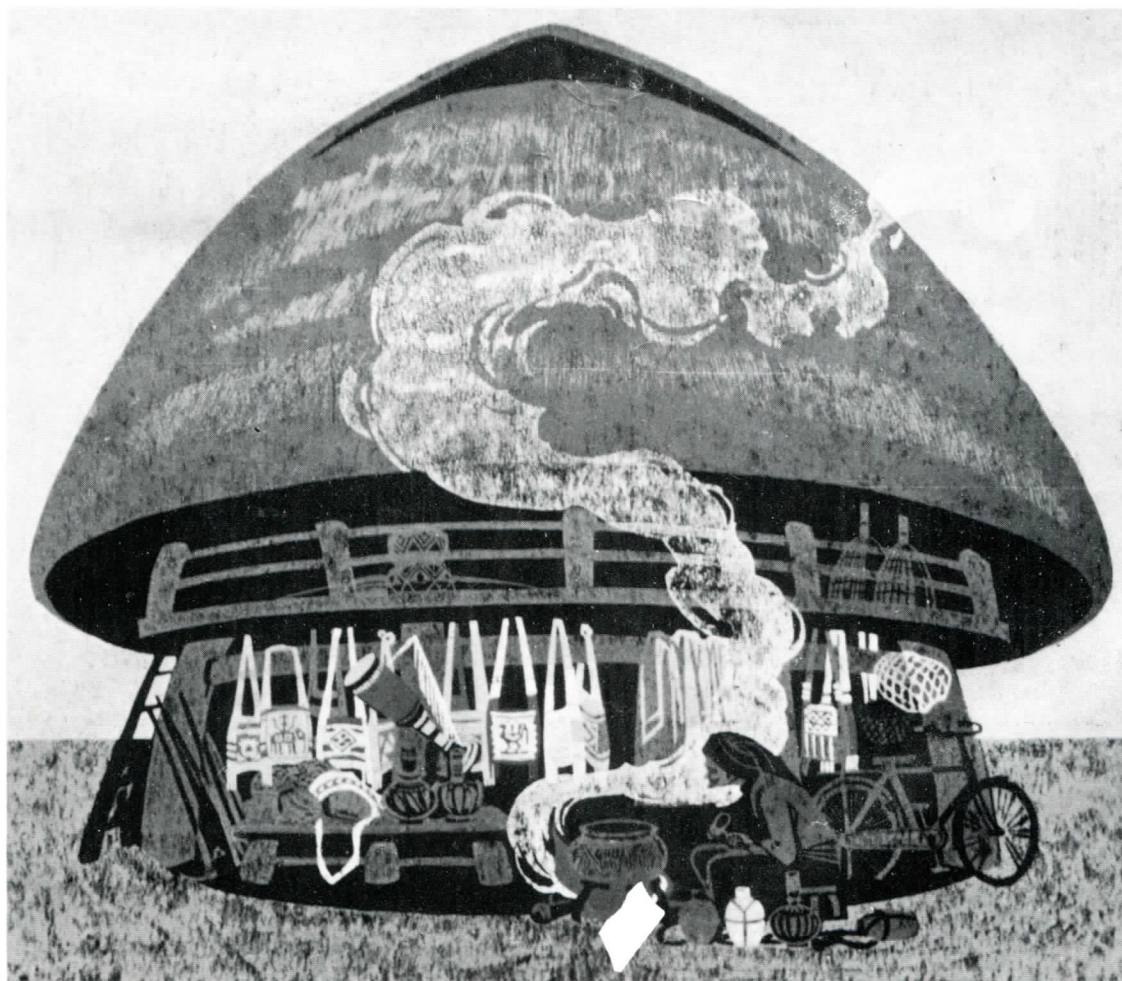
Little Bears in a Tree.



A Woman of Dai Nationality.

Woodcuts by Wan Qianglin

Wan Qianglin, born in Kunming City, Yunnan Province in 1932, is a professional painter with the Yunnan Studio of Fine Arts. His expressions of the local life of the national minority nationalities in Yunnan Province portray the distinctive characteristics of the area's minority population.



A View of a Dai Village.

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