

A CHINESE WEEKLY OF NEWS AND VIEWS

# Beijing Review

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## Gulf Crisis Impacts Western Economies



# HARMONY IN LHASA





Children enjoy themselves in a game.

*Photo by Yong He*



## Hackneyed Tune: 'One Country With a Good System'

□ After their formulas of "one country, two governments," and "one country, two regions" were denounced, Taiwan authorities dished up the "one country with a good system" concept. Like the previous two, this concept, in essence, creates division and rejects the mainland's "one country, two systems" policy for China's peaceful reunification. Taiwan's policy, therefore, will lead nowhere (p. 9).

## Austerity Programme: Bittersweet

□ The austerity programme, up and running since 1988, has succeeded in arresting the inflation and the overheated economy. However, it has also brought about stagnated industrial production and a sluggish market, bringing China to a bitter-sweet crossroad. What is to be done (p. 14)?

## Lhasa: Peaceful and Energetic

□ An harmonious atmosphere has prevailed in the city of Lhasa since the removal of martial law. On a recent trip around the city, *Beijing Review* reporters found that Lhasa residents' main concern is economic development and improvement in their living standards (p. 16).

## Gulf Crisis Casts Shadow on Western Economies

□ If war breaks out in the Gulf region, the resulting oil crisis will weaken Western economies, especially the US economy (p. 24).

## Tensions in Asia Relaxed

□ Policy adjustments made by countries involved in confrontations on the Korean Peninsula, which symbolizes the Asian cold war, have propelled the situation in Asia to take a turn for detente and stability (p. 26).

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**COVER:** A Tibetan woman in Lhasa holds a *qie* (a transliteration from Tibetan meaning "mascot") signifying her sincere wish to help build China into a prosperous, strong socialist country.

Photo by Chen Zonglie

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## China Urges Peaceful Solution on Gulf

**A**lthough China stands for immediate withdrawal of Iraq from Kuwait, it abstained from voting on a UN Security Council resolution which endorses the use of force against Iraq.

Resolution 678 authorizes member states to "use all necessary means" to uphold and implement the Security Council's previous resolutions, unless Iraq fully implements these resolutions on or before January 15, 1991.

Co-sponsored by Canada, Britain, the Soviet Union and the United States, it was adopted on November 29 by a vote of 12 in favour and two against. China was the only Security Council member state to abstain from the voting.

Speaking at the ministerial meeting of the Security Council before the vote, Chinese Foreign Minister Qian Qichen said the wording "to use all necessary means" to get Iraq out of Kuwait in the draft resolution, in essence, "permits the use of military actions."

This runs counter to China's position in seeking a peaceful solution, the minister said. "Therefore, the Chinese delegation found it difficult to vote in favour of this draft."

He pointed out that the United Nations, as an international organization for the maintenance of peace and security, "should act with great caution and avoid hasty actions on such a major question as authorizing member states to take military actions against another."

On the other hand, Qian said, the Gulf crisis arises as a result of the Iraqi invasion and annexation of Kuwait, and Iraq has thus far not taken any practical steps on the key questions of withdrawal from Kuwait. He pointed out, "Iraq has not even indicated

that it will withdraw."

In this connection, he said, China has noted that the draft resolution calls on Iraq to fully comply with the Security Council resolutions and immediately pull out of Kuwait.

"Since China is in favour of this position, it will not cast a negative vote on this draft either," he declared.

The minister said China does not have, nor wishes to seek any self-serving interests in the Middle East. Its only concern is to maintain peace and stability in the region, and for this reason China has made every effort to seek a peaceful solution to the Gulf crisis.

The option for peaceful solution "may take longer," he told the council, "but the cost would be smaller, whereas a solution by force would lead to serious consequences.

"Once war breaks out, all parties concerned will suffer great losses, which will have extremely adverse effects not only on the gulf countries, but also on peace, stability and economy of the world."

The Foreign Minister called on the international community to strengthen its political, diplomatic and economic pressures on Iraq and continue to seek every opportunity for a peaceful solution of the crisis. ■

## Qian Visits US After 18-Month Chill

**F**oreign Minister Qian said in Washington on December 1 that his two-day official visit to the United States is a "very important event" in the development of Sino-US relations.

Speaking at a press conference before heading home, Qian also praised American President

George Bush's decision to seek dialogue with the Iraqi government on the Gulf crisis.

"I believe my visit is a very important event in Sino-US relations because for some time high level exchanges and visits between China and the United States have been suspended," he said.

Qian said that during his US visit the two sides have been able to enhance their mutual understanding and that in future there will be more official contacts and visits between the two countries.

At the press conference, Qian said he regards Bush's peace initiative in the Gulf crisis as "a positive development because dialogue is always necessary."

On November 30, after attending the UN Security Council meeting in New York, the Chinese Foreign Minister held talks in Washington with Bush and American Secretary of State James Baker.

During their 45-minute meeting at the White House, Bush said the United States attaches great importance to Qian's visit and hoped it would help improve US-Chinese relations.

Both sides agreed the two nations have common interests on many issues and thanks to efforts by both countries, the bilateral relations have recently improved.

They also believed that although the two nations differ on certain issues, their relations can be normalized through more contacts and enhanced mutual understanding. □

At the meeting Bush briefed Qian on measures that the United States has taken to achieve a peaceful solution to the Gulf crisis.

During the meeting between Qian and Baker, both said that they would make joint efforts to push for the normalization and development of Sino-US relations. To achieve this goal, more official exchanges and contacts

should take place, they said.

They agreed that Under-Secretary of State Reginald Bartholomew and Assistant Secretary of State Richard Schifter respectively will visit China in near future.

During his stay in the United States, Qian also met with American Secretary of Commerce Robert A. Mosbacher, Senate Republican leader Bob Dole and some congressmen.

*The Washington Post* said that the Chinese minister's visit "represents another US gesture toward normalization of relations with China," while *the New York Times* noted that it "would symbolize an end to the 18-month-long chill in official relations" between the two nations. ■

## Session Outlines Tasks for 1991

Premier Li Peng said next year China will focus its efforts on readjusting its economic structure and improving its economic efficiency, while maintaining a moderate economic growth rate. The premier made the remark in Beijing on December 1 at the closing session of a national planning meeting held by the State Council.

Li said China should strive to improve the industrial structure, product mix, enterprise makeup and technological structure.

The meeting outlined three major tasks for the Ten-Year Programme and the Eighth Five-Year Plan (1991-1995) to be drafted by the State Council and deliberated by the Central Committee of CPC.

— To realize the second-step strategic target of the socialist modernization and ensure sustained, steady and co-ordinated development of the national economy during the next decade;

— To continue to carry out the policy of reform and opening to

the outside world.

— To give prominence to science and technology and education and take greater pains in developing of agriculture, infrastructure and basic industries, such as energy resources, transportation, and communications and major raw materials.

At the closing session, Li spoke on ten topics:

— How to appraise the current economic situation;

— Main principles for next year's economic work;

— The scale of fixed asset investments and strengthening the construction of key projects;

— Continue to strengthen and develop agriculture;

— Deepen reforms and improve the economic efficiency of enterprises;

— Retail prices and the price reform;

— Finance;

— Banking;

— Open wider and the reform of the foreign trade system; and,

— Further develop science and technology and education.

Beijing Review will carry detailed excerpts of Li's speech in its issue 52. ■

## SEZs Celebrate Tenth Anniversary

A decade ago Shenzhen was but a small fishing village under the shadows of the prosperous Hong Kong to its south. As the Shenzhen Special Economic Zone marked its tenth anniversary on November 26, however, the village had already been replaced by a rising modern city.

Jiang Zemin, general secretary of the Central Committee of the Communist Party of China (CPC) and chairman of the Central Military Commission, said at a local reception that the establishment of the Shenzhen, Zhuhai, Shantou and Xiamen Special

Economic Zones (SEZ) proposed by Comrade Deng Xiaoping was indeed a farsighted and wise decision.

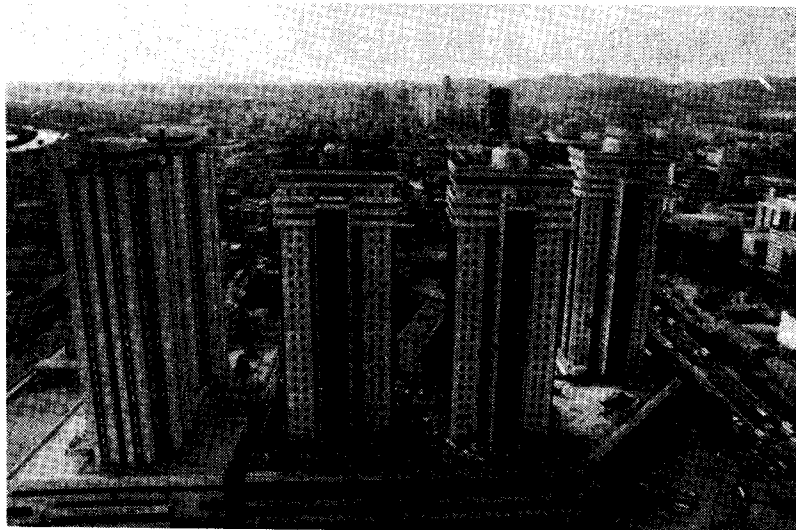
He said that in the past decade Shenzhen and the other SEZs have played an important role in helping the nation import foreign funds and technology while expanding economic exchanges and co-operation with foreign countries.

"They have provided experience and stimulated many other interior regions in their effort to enter the international market," he added. "They are the first to carry out economic restructuring, thus blazing the trail for reform throughout the country."

Li Hao, secretary of the Shenzhen city Party committee, said that as the architect of China's reform and open policy, Comrade Deng Xiaoping devoted much attention and energy to the construction of the Shenzhen SEZ. He also said that during Jiang Zemin's inspection tour of Shenzhen in June this year, he asked the SEZs to continue to act as trend-setters in building socialism with unique Chinese characteristics. "This has given a great incentive to the creators of the Shenzhen SEZ and will encourage us to enter the second decade of development."

Lin Ruo, secretary of the Guangdong provincial Party committee, said the past 10 years of reform have resulted in tremendous changes in the four SEZs and also ushered in prosperity for the local economy and brought various degrees of changes into the province.

"These developments have turned our long-cherished desire to accelerate the economy into reality and improve the people's lives," he noted. "They have helped us deepen our understanding, through the combination of theory and practice, of building socialism with Chinese characteristics. They have also



Shenzhen has become a city where skyscrapers reign.

DUAN WENHUA

aroused our determination and confidence as we persistently carry out the basic line and strive to do a better job for the reform and open policy in the SEZ and the province," he said.

Zheng Liangyu, mayor of Shenzhen, told the well-wishers that Shenzhen will develop at an even faster rate in the next 10 years. He disclosed that the development of Shenzhen during the next decade will require a total of 50 billion yuan, greatly surpassing the 18.2 billion yuan the SEZ spent in the past 10 years. The local authorities and enterprises will have to raise this money by absorbing foreign investment and utilizing bank loans, shares and other negotiable securities, said the mayor.

The construction of nine basic facilities such as government institutions, a port and a new railway station are presently underway. Zheng predicted the total industrial output value of the city would reach 15.8 billion yuan this year, an increase of 31.9 percent over last year, while total export would amount to US\$2.8 billion, up 28.8 percent over last year.

He also announced the city's five targets for the year 2000:

— The per-capita gross nation-

al product will reach or approach the present standard of an average developed country;

— It will become one of the country's leading export bases;

— It will be a successful pilot zone for economic and political restructuring;

— It will become a pace-setter for the promotion of socialist culture and ideology;

— It will become an embodiment of the superiority of socialism.

Zhuhai, also in Guangdong Province, held a similar celebration on November 28. Jiang Zemin, President Yang Shangkun and other guests attended the function, which included a parade of more than 2,000 people performing traditional drum and dragon dances.

Liang Guangda, mayor of Zhuhai, said that in the past decade, the city's total industrial and agricultural output has risen at an annual rate of 28.7 percent, and the GNP has expanded 10.3 times to 6.72 billion yuan (US\$1.3 billion) in 1989.

Foreign investment in actual use has exceeded US\$1 billion, and 1,100 foreign-invested enterprises have appeared in the city. Exports have grown 38 times, hitting US\$365 million in 1989.

He said: "We expect to quadruple our total industrial and agricultural output by the end of the century and raise our average per capita GNP to a level equivalent to other developed countries." ■

## Li: China Is Under Able Leadership

Chinese Premier Li Peng stated on November 30 that his country is under a strong, authoritative central leadership which ensures long-term stability.

Meeting in Beijing with a delegation from the Japanese Association for the Promotion of International Trade (JAPIT), led by Yoshio Sakurachi, speaker of the Japanese House of Representatives and president of JAPIT, Li briefed his guests on the achievements that China has made during the past decade and the results gained during the current economic rectification.

He told them that China's political situation is stable, the economy is continuing to develop in a favourable direction and the nation is making new progress in foreign relations.

He said the central collective leadership, with Communist Party General Secretary Jiang Zemin as the nucleus has smoothly accomplished the transition of power in China. Under the current leadership, he added, the basic political line and the policy of reform and opening to the outside world formulated by Deng Xiaoping, will be carried through into the future.

Referring to the idea of some Westerners that China, with its imbalanced economic development is too big to avoid the growth of localism and the aggravation of friction among various regions, Li pointed out that such an idea is "incorrect" or at least a "misunderstanding." China, he said, is a unified country with an

integral domestic market and for the last several millenia the Chinese people have stayed together as a nation, regional frictions are out of the question because the government has pursued a series of correct principles and policies, he added.

Li also briefed the visitors on the basic principles for the Eighth Five-Year Plan and a ten-year social and economic development programme.

China pursues a good-neighbourly policy and attaches great importance to its relations with peripheral countries, said the premier, who will visit Malaysia, the Philippines, Laos and Sri Lanka from December 10 to 19. "The purpose of my forthcoming visit to the four Asian nations is to promote and strengthen friendship and co-operations with these countries."

There is great potential for Sino-Japanese co-operation on the basis of equality and mutual benefit, said Li. "I maintain that developing Sino-Japanese friendly relations and co-operation will not only benefit the two countries. It is also conducive to peace and stability in the Asia-Pacific region."

Li said the JAPIT has accomplished a great deal in this respect during the past years, and he hopes the association will continue to make contributions.

Yoshio Sakurauchi said the JAPIT is delighted to see China has achieved progress in various areas. He pledged his association will promote bilateral economic and technological co-operation in the future. ■

## The Rebirth of a City From Debris

Tangshan, an industrial city hit by a devastating earthquake 14 years ago, won for China the first "Habitat Scroll of Honour" award from the United

Nations (UN) Centre for Human Settlements.

According to Arcot Ramachandran, under-secretary-general of the United Nations and executive director of the centre, Tangshan was presented the award because the city had made outstanding contributions to the development of human settlements since it succeeded in housing and caring for up to 1 million quake-stricken citizens, and because of the speed with which it rehabilitated itself.

Tangshan, a medium-sized city in Hebei Province and about 300 kilometres north of Beijing, was once known as one of the "cradles of modern Chinese industry." It was home to China's first railway line, first modern coal mine, first steam engine and first cement plant.

But on July 28, 1976, everything in the city was suddenly brought down to earth by an earthquake which registered 7.8 on the Richter scale. The disaster claimed over 250,000 human lives and injured 160,000. And the total economic loss was estimated at more than 3 billion yuan.

Only a few years ago many in the world were lamenting the oriental city wiped out from the

earth, most likely, forever. But now they hailed the city as the model from which the world can learn about recovering from a horrible natural disaster.

By 1986, 10 years after the disaster, the ruined land was no more. New production and living districts appeared, and the landscape came alive in the form of modern urban service facilities and infrastructure, quake-proof skyscrapers and attractive streets.

The speed of recovery and development of Tangshan has amazed the whole country as well as the world.

"Tangshan's accomplishment is also an outstanding example of how problems of housing, infrastructure and services can be approached scientifically and compassionately," said Roy D. Morley, resident representative of the UN Development Programme in China.

New constructions in the city totals 27.78 million square metres of floorspace, equal to 127 percent of the figure before the quake. Of this, 14.79 million square metres are residential, 144 percent larger than the prequake residential area.

Tangshan's per capita dwelling area is 10 square metres, 3.2 square metres more than the na-

A glimpse of Jianshe Avenue in Tangshan City.

XUE CHAO





tional average.

In addition, more than 7 million square metres enjoy central heating, thus enabling Tangshan to rank first in the heating supply rate among the country's 450 cities.

Coal gas, liquefied oil gas and natural gas have been provided to over 230,000 households, 76.5 percent of the total.

The Habitat Scroll of Honour is an international award for outstanding contributions made by individuals, organizations and projects to improve human living conditions. This year, a total of six awards have been presented to the United Kingdom, France, Colombia, Tanzania, Thailand and China. ■

## Merger: Way for Development

**B**y joining another larger and stronger company as a share holder while maintaining its original ownership and administration, a refrigerator manufacturing company has extricated itself from a sluggishness that has been plaguing China's electrical appliance industry.

The incorporation of the Dongqi Electrical Appliances Company and the Wanbao Electrical Appliances Company came about as a result of the economic entrenchment policy launched during the latter half of 1988. The merge has showed a way out for the country's many other enterprises in one kind of financial difficulties or another.

The Wanbao Electrical Appliances Company in Guangzhou, the capital of south China's Guangdong Province, is the country's largest producer and exporter of electrical appliances and accounts for 89 percent of China's refrigerator exports.

Its partner, located in Dantong City in northeast China's Liaoning Province, is one of the coun-

try's top 500 companies in terms of size.

Adhering to the principles of sharing interests as well as risks, the two companies are now concentrating on improving technology and upgrading the quality of products instead of simply increasing production as in the past. They are also co-operating in the areas of product development, opening domestic and international markets, post-sale services, exchange of economic technology and information, technological transfer and personal training.

After a short-lived panic buying which occurred in the summer of 1988, the national economy fell into a slump and the market became sluggish. Last year, 6.62 million refrigerators were produced, but 2.6 million of them were stuck in warehouses, driving many producers into bankruptcy and leaving most of the survivors short of funds. Forty percent of the producers were still losing money despite the fact that refrigerator sales had increased this year.

Something has got to be done if the Chinese refrigerator industry is to survive the changing market, and the co-operation between the Wanbao and Dongqi companies is obviously one of the nice choices. The merger will not only enable them to blend their respective assets but also assist each other in seeking self-development. With the powerful backing of Dongqi, Wanbao quickly adjusted itself by renovating its technology and developing new products which the market needed. ■

## News In Brief

### ADB to Resume Loans to China

China welcomes the Asian Development Bank's (ADB) decision to resume loans to China,

said a Chinese Foreign Ministry spokesman at a weekly news briefing on November 29. According to the decision, ADB will lend US\$50 million to the Agriculture Bank of China for the first time since June last year.

The spokesman said that he hoped ADB would lose no time in discussing and approving all the other programmes to "comprehensively" resume loans to China so relations between ADB and China could be normalized at an early date.

### Gas Reserves Recalculated

China has a total reserve of 40,000 billion cubic metres of natural gas. This figure was confirmed, using new calculation methods, by scientists of the petro-geology institute under the Ministry of Geology and Mineral Resources. The detailed calculations were made of the reserves of natural gas resources in 30 Mesozoic and Cenozoic basins and 12 marine deposits.

The figure is about one-third higher than earlier calculations of 26,000 to 33,000 billion cubic metres, showing a 1.7:1 ratio between oil and gas reserves.

In addition, the scientists also concluded that China has a total reserve of 16,500 billion cubic metres of coal gas.

### Head of United Front Work Appointed

Ding Guangen was recently made head of the United Front Work Department of the CPC Central Committee to replace Yan Mingfu.

Ding is alternate member of the Party's Political Bureau and member of the Secretariat of the Party Central Committee.

### Li to Visit Four Asian Countries

Chinese Premier Li Peng will visit four Asian countries beginning December 10. The four countries are Malaysia, the Philippines, Sri Lanka and Laos. ■



# Taiwan: 'One Country With a Good System'?

by Li Jiaquan

After their formulas of "one country, two governments," and "one country, two regions" were denounced, the Taiwan authorities again dished out the "one country with a good system" concept, the essence of which is to create division and reject the proposal for China's peaceful reunification. All the above-mentioned formulas and concept will only lead to a dead end. The best method for reuniting both sides of the Taiwan Straits is still the "one country, two systems" policy.

Recently, soon after the Taiwan authorities substituted the concept of "one country, two regions" for their idea of "one country, two governments," they dished out a so-called "one country with a good system." Their latest ploy leaves people at a loss as to how to proceed regarding relations between the two sides of the straits and one cannot help but wonder what the Taiwan authorities have got up their sleeves. In fact, they are just playing with words and their real intention is crystal clear.

## Origin of the New Concept

On October 5 this year, Taiwan's *Central Daily News* published a talk made by a top figure of the Executive Yuan. He said that Mr Chiang Ching-kuo, when still alive, once said, "what we want is 'one country with a good system,' that is to say, our country wants only a good system." The essence of this statement is "reunifying China under the Three People's Principles" (nationalism, democracy and the people's livelihood), a slogan



YANG LIMING

Author of this article Li Jiaquan (left) chatting with our staff reporter.

which Taiwan authorities have been preaching for many years.

This source in the Executive Yuan provides us with the information that the "one country with a good system" was put forward by Mr Chiang Ching-kuo during his lifetime. This reminds me of an editorial entitled "Establishing the 'One Country With a Good System' on the Basis of the Three People's Principles," which was published in Taiwan's *Central Daily News* on April 16, 1987. The article played up the "advantages" of the Three People's Principles and condemned the "defects" of socialism. Apparently, the editorial was written on order of Mr Chiang Ching-kuo. Although I did not quite understand what was behind it at that time, I analysed and commented on the idea in many of my articles, pointing out the divisive essence of its content.

This idea, then, is nothing new. In January 1981, a resolution to

"reunify China under the Three People's Principles" was adopted at a Taiwan military conference chaired by Chiang Ching-kuo. In April of the same year, a proposal to "implement the motion for reunifying China under the Three People's Principles" was passed at the 12th Congress of the Kuomintang (KMT) and was taken as the KMT's "goal" for the future. The proposal, however, has been criticized by wise people in and outside the island for many years because it is not practical and, in fact, has become something of a laughing stock. Under these circumstances, the KMT authorities were compelled to temporarily lower the unpopular banner.

The fact that the Taiwan authorities have twice dished up the "one country with a good system" concept in recent years has been related to China's domestic and international climate at the time. The first instance occurred in 1987 when the KMT's *Central*

*Daily News* dished out the "expedient 'two Chinas' theory" on January 10, a proposal inveighed against by the public both in and outside the island. Then, on April 16, the Taiwan authorities put forward the "one country with a good system." On the one hand, they castigated the Communist Party and socialism, and, on the other hand, they rehoisted the banner of "reunifying China under the Three People's Principles," indicating that they still advocated "one China," and stood for "reunification." The second time was in October this year after the "one country, two governments" concept put forward by the Taiwan authorities in March 1989 was vehemently denounced by public opinion inside and outside the island, rendering their continued advocacy of it impossible.

At the end of August this year, although this slogan was then transformed into "one country, two regions," it was still considered to be without a soul and lacking appeal. Moreover, it did not shake off the shadow of separatism already manifest in the "one country, two governments." Among the public in and outside the island, many doubted and denounced the concept. Under these circumstances, the Taiwan authorities played the same old trick by once again dishing out the "one country with a good system." It is clear from the two attempts at "one country with a good system," except for the change in time, that the background, means and goal are basically the same. Of course, there is more momentum this time than the last. An organization was set up and a posture of "really wanting to guide the great cause of China's reunification" assumed. But there are still doubts and people wonder why the KMT authorities now cry for "two governments," and now talk glibly about "reunification." Do

they want genuine or sham reunification? Do they want reunification or are they practising separatism? Let these questions be answered by time and history.

It is worthy to note the international background against which the "one country with a good system" was dished out again. Recently, some people in the United States who are pro-Taiwan and have overtly or covertly supported "Taiwan independence" forces have suddenly come out against "Taiwan independence." Mr Stephen Solarz, chairman of the Asia-Pacific group of the House Foreign Committee of US Congress, who has always been seen as "an effective and secret supporter" of "Taiwan independence," recently "poured cold water" on the advocates of this idea. If they really believe that the idea of "Taiwan independence" is impossible and changed their mind, it is, of course, a step in the right direction. However, they only oppose "Taiwan's proclamation of legal independence." This means they do not oppose "substantive Taiwan independence," including the continued practice of "one country with a good system" in Taiwan under the banner of the "Republic of China." Using "reunifying China under the Three People's Principles" as a pretense, they simply wait for the opportunity to push their "good system" onto the mainland. Some people profess that "Taiwan independence" is a dangerous road but, at the same time, energetically encourage the Taiwan authorities to "cool down" the "mainland craze." They say that Taiwan businessmen, especially big enterprises, should not invest in the mainland because they consider this "extremely unwise," "a very serious matter," a "loss of the sense of the enemy and ourselves" and a move that means abandoning a "good system" and supporting a "bad sys-

tem." They say "Taiwan's money should look for a way out in Southeast Asia and Eastern Europe," and "should not go to China's mainland." The Taiwan authorities support this as they sing the same old tune of "one country with a good system" and draw back from their mainland policy. Aren't such actions thought-provoking?

## Two Systems

The Executive Yuan figure also said in his speech delivered in early October this year, "Germany's unification proves that the good system can bring about unification with the bad and that the bad system must accept the principle of the good system." The "good system" he mentioned refers to the "one country with a good system," or Taiwan's "Three People's Principles," while the "bad system" refers to the Chinese Communist Party's "one country, two systems" or the mainland's socialism.

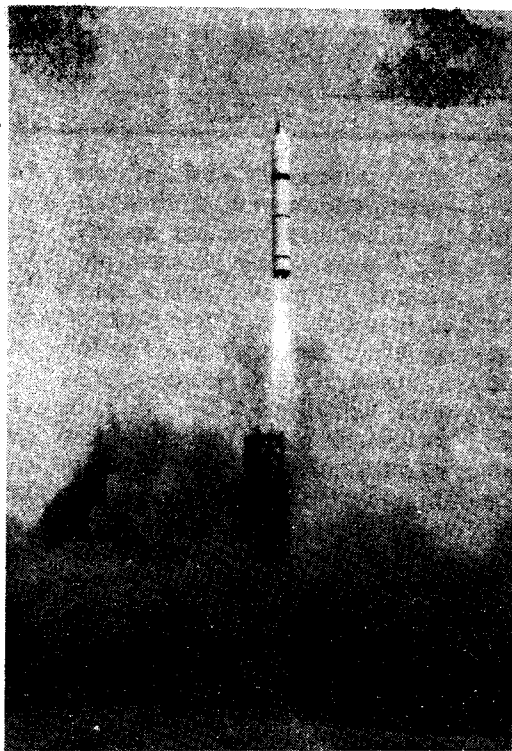
Let's see how the Taiwan authorities evaluate these two systems. An editorial published in the *Central Daily News* on April 16, 1987 said: Communism (Taiwan writers invariably mix up present-day socialism with future communism—*Ed.*) "does not conform with the law governing the development of history." "The excessive deluge of capitalism (they also invariably distinguish Western capitalism from Taiwan's Three People's Principles—*Ed.*) also has its defects as we gradually discover." Only the Three People's Principles as practised in Taiwan can act as "the medicine to save China." No wonder the Taiwan authorities have in the past two years tried every possible means to spread the so-called "Taiwan model" and "Taiwan experience" to China's mainland.

As everybody knows, the Three People's Principles were

the political programme put forward by Dr Sun Yat-sen (1866-1925) during the Chinese bourgeois democratic revolution. Later, influenced by the Russian October Revolution and helped by the Chinese Communist Party, Dr Sun Yat-sen formulated the Three Major Policies of Allying With Russia, Co-operating With the Communist Party and Helping Peasants and Workers, reinterpreted in 1924 the Three People's Principles. He stated that nationalism meant opposing imperialism and advocating equality for all domestic nationalities; democracy meant the establishment of political democracy shared by ordinary

people, not monopolized by a few; and people's livelihood meant equalization of land ownership and regulation of capital. This was what was later called the revolutionary Three People's Principles.

Has the KMT carried out these principles? It has never done so since it went to Taiwan, to say nothing about the period it controlled the mainland. Take nationalism for instance. In its foreign relations, it never gives a thought to whether one is imperialist or operates under some sort of power politics; in its domestic policies, it doesn't bother to consider whether one is an advocate of "Taiwan independence" or has the tendency towards "Taiwan independence." So long as one opposes the Chinese Communist Party, it will unite with and shake hands with him. It will directly trade with and make investment in foreign countries, directly exchange mail and contact foreign countries, but in its relations with the mainland, it will not allow this contact or that exchange. The so-called "policy of



On October 5, China launched a scientific survey satellite, the 30th artificial satellite China has successfully sent into the orbit.

three no's" (no contact, negotiation and compromise) and "indirect, Ok but, direct, No!" has resulted in the division of the Chinese nation for dozens of years. How long will the situation drag on? What sort of nationalism is this?

The so-called democracy originally meant that ordinary people should be masters of the country. The so-called election of "president" and "vice-president" which was held in Taiwan in March of this year was, in the final analysis, nothing but "money-power politics" of the authorities. With regard to the so-called "people's livelihood," Taiwan's greatest achievement was its "farmland reform" carried out in Taiwan. It was said this was a revolution made by the "big landlords of the mainland" against the "small landlords of Taiwan," a campaign which did not take a lot of effort.

The Taiwan authorities have not acted in accordance with other aspects of Sun Yat-sen's programme. KMT members themselves are clear about this. What

they call the Three People's Principles is, in fact, only a slogan of the Taiwan authorities. The course on the Three People's Principles is about to be cancelled in schools and the jobs of teachers who lecture on the course are not guaranteed, yet they clamour about "reunifying China under the Three People's Principles." How ridiculous! As a matter of fact, Taiwan is not practising the Three People's Principles, but capitalism which was long ago reduced to an appendage of developed capitalist countries. It is a capitalist system which has deviated from Sun Yat-sen's Three People's Principles. What sort of "good system" is

that?

China's mainland developed socialism on the shambles left by the KMT. Its achievements are universally acknowledged. In the 80 years, beginning with the Westernization Movement during the late Qing Dynasty (1644-1911) to 1949 when the KMT fled to Taiwan, the accumulated industrial value of fixed assets was only 12.4 billion yuan. The value of fixed assets accumulated in the 40 years after the founding of New China in 1949, however, reached 1,064.1 billion yuan, a 86-fold increase. The output of grain, cotton, iron and steel, coal, electricity, cement, chemical fertilizers and other main products in the mainland was among the world's largest, some ranking first in the world. The country's GNP leapt to eighth position in 1988 from less than 40th before the nationwide liberation in 1949. China now has established its own independent and relatively complete industrial system, reaching advanced international level in space, nuclear, computer, biolog-

ical engineering and agricultural technology. Experts calculate that China's overall strength ranked fourth in the world in 1989. The mainland has not only realized but also surpassed the targets set up by Sun Yat-sen in the Three People's Principles. More importantly, China today has stood up before various countries and nations as a sovereign independent state. The Chinese people are proud of this. How, then, can Taiwan say such a social system is a "bad system"?

Certainly, Taiwan has made remarkable progress in some economic fields, especially in its per-capita national income. But this progress has been achieved due to some domestic and international factors. I have expounded on these factors at length in other articles and will not repeat them here. Suffice it to say that the Taiwan authorities have no reason whatsoever to turn up its nose at the mainland in this respect. It is true that, owing to our lack of experience for it is not long since the socialist system was established on the mainland, and to the poor foundation left over from the old China, an inadequate understanding of past situations and some mistaken policies, the mainland has taken a roundabout course and failed to bring into full play the potential advantages of the socialist system. It is difficult to avoid mistakes in the course of changes. We believe that in the future the socialist system will develop in a more healthy manner after we sum up the domestic and international experience and lessons. The development of the world capitalist system has gone through some 300 or 400 years while China's socialist system just 40 years. We shouldn't therefore demand perfection in such a short time.

The capitalist society has developed unevenly in the world as countries with the same system

have advanced at different speeds, some slowly, others swiftly. Like the capitalist society, the socialist countries have progressed differently, but it is too early to gloat over the setbacks of socialism in some regions or for a period of time. I advise officials of Taiwan not to ridicule socialism like the feudalists who jeered at capitalism when it failed in its early stage and not to take the same attitude towards the socialist state as those who believed the capitalist system would fail in all countries after its failure in some regions. The new will certainly replace the old and new relations of production will replace old ones. But their replacement is a long and tortuous course. It is as impossible for the capitalist system to keep its youthful vigour forever as it is for socialist to remain in its current position for a long period. The latter will certainly go forward at a speed quicker than ever before based on the useful gains of the former. I hope Taiwan authorities keep the long range view in mind.

### A Dead End

After the idea of the "one country, two governments" was severely criticized, many people in Taiwan realized it was a dead end. But what about the view of "one country with a good system"? In fact, the idea of "one country with a good system" is also a dead end. After the death of Chiang Ching-kuo, the Taiwan authorities brought out the "one country, two governments" when they found the idea of "one country with a good system" got nowhere. Now that they realize it was impossible for their proposal of "one country, two governments" to succeed, they took up their previous view once again. They go this way, turn around when they find it is a dead end, and come back again after they

find no way ahead. Where is the way out for them? The question is worth considering.

When speaking of the idea of "one country, two governments" we cannot but think of the so-called "principal group," and the "secondary group" when we talk about the idea of "one country with a good system." It appeared that these two groups came into being during the election of the "president" and "vice-president" last March. In fact, they existed earlier as representatives of two interested groups. The election brought their struggle to the surface. Some people said these two groups did not exist after the election. This is untrue. They co-operated and contended with each other. In regard to relations between the two sides of the Taiwan Straits and the policy towards the mainland, the "principal group" advocates "one country, two governments" overtly or covertly, sometimes the idea was dished out in a combination of acts and words, and sometimes in acts only. The "secondary group" stands for "one country with a good system," and the idea is now hidden and now open, is now espoused and now not espoused, depending on the political climate. Each group criticizes the view of the other group as impractical and fails to see or is unwilling to see that its own view is also a blind alley. Both groups seem to support the reunification of motherland. But one advocates two governments and the other one a good system, both of which are impracticable. Because of this, people doubt whether they really want reunification or, under the pretext of reunification and one China, are creating separatism and "two Chinas." People also doubt whether their struggle is for China's reunification or for "Taiwan independence" or a power struggle? It appears more and more clearly that they fight for the



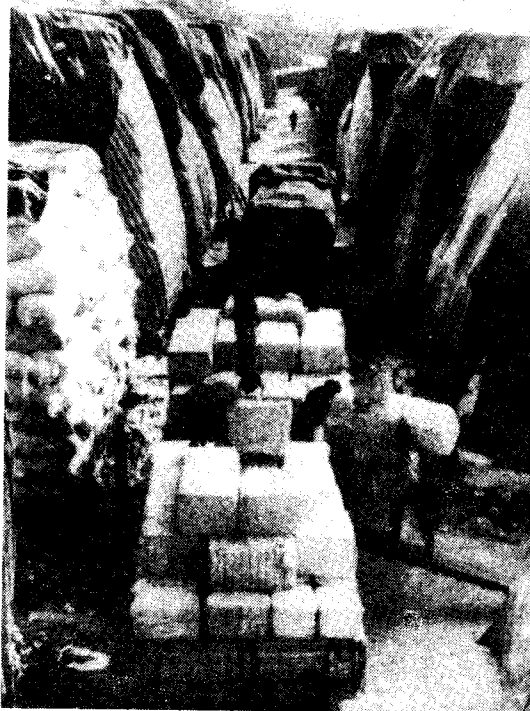
power to control Taiwan's future, but they co-operate in continued opposition to the Communist Party and rejection of peace talks.

Certainly, the two groups do not have the same political views, but their respective policies towards the mainland have the same objective effect. Both will lead to a situation of "one sovereignty, two independent political powers" and a separation of the motherland. They have no essential difference and, objectively, both are allies of those who favour the "independence of Taiwan."

Under the present domestic and international conditions, if one deals with the concrete matters in a realistic and scientific way and thinks about the interests of our nation as a whole and our offsprings, one will find no other better way than the

**This year, a bumper cotton harvest for Tianmen City, Hubei Province, one of the nation's major cotton-producing areas.**

LI YIFANG



principle of "one country, two systems" for the reunification of Taiwan and the mainland.

I absolutely disagree with the view of both the "principal group" and the "secondary group" who say that they resolutely oppose the "one country, two systems" because they worry that Taiwan's capitalism will be destroyed by the mainland's socialism and the living standards of the Taiwan people will be lowered. If this were true, it indicates they know nothing of the strategic principles of the Communist Party of China adopted since the Third Plenary Session of the 11th Party Central Committee, the current policies and the wishes of the people in the mainland. In addition, these things would be guaranteed by agreements and legislations. What they really worry about is that they will lose the "name of

the country," and so the "head of state," "the central government," "president," "ministers," and other titles will not be guaranteed. Although the people on both sides of the straits will benefit from the reunification and there will not be any substantive change in their political positions and living standards, some people may lose their titles or be demoted. They say that the struggle between the two parties and between the two sides is a struggle concerning "the political system" and "the fate of the country," and that the principle of "one country, two systems" is a "scheme," a "trap" and a "fraud" of the united front.

All these allegations are nothing but pretexts to reject peace talks, and their actions do nothing but injure the interests of the state and our nation.

It is necessary to point out that some people oppose the principle of "one country, two systems" because they still have illusions about the current domestic and international situation. They always want to solve the problem regarding the relations between both sides according to their own wishful thinking. North and South Viet Nam in the past and the West and East Germany today set an example for the reunification of a divided country after World War II and, in the future, the south and north side of Korea and China's Taiwan and mainland will provide their own way of reunification. With different causes, state conditions, historical background and realities, each has its own method for unity. Some officials from Taiwan, however, disregard reality in China and indulge in fantasy. They first proposed the mode of "one country, two governments" in an attempt to keep "two central powers" and then repeated the mode of "one country with a good system" in order to "transform" or "overwhelm" the socialist mainland. How ridiculously they overrate themselves!

The state wants reunification and the nation wants unity. This is the common wish of the 1.1 billion Chinese people including those in Taiwan and also an irresistible historical trend in the world. Those who go against this historical trend will certainly be drowned by the torrents of history. Proposals and policies which are against the interests of the majority of the people on both sides of the straits will inevitably turn into the opposite of the wishes of their makers. We hope the Taiwan authorities think twice before taking any action. ■

# China's Economic Retrenchment: Gains Outweigh Losses

by Zhu Jun and Wang Yu

Since the implementation of the policy of reform and opening to the outside world, China's economy has achieved remarkable gains. However, the high rate of economic increase also resulted in a number of problems such as quick price rise, an irrational industrial structure and over-heated consumption. Both developed and developing countries have successful experience in solving the problems of over-expansion of the macro-economy and inflation by tightening up fiscal and monetary policies. China began to implement tight fiscal and monetary policies from 1985 to 1986 to remedy its over-heated economy. But because of inadequate recognition of the side-effects of these policies, China gave up the policies mid-way without achieving the desired results. In the fourth quarter of 1988, the government again adopted retrenchment policies and successfully restrained the inflation and over-heated economy; however, it also brought about a decrease in industrial production and weakened the market. Then what are the gains and losses of the tight economic policies?

## Pains and Gains

The Chinese economy was especially dynamic but unstable in 1988. This was manifested in the following aspects:

—Excessive speed of industrial production, with the total industrial output value up 20.8 percent from that of 1987, registered the second highest increase in the previous ten years;

—Comparatively speaking, the supply of energy and raw materials became more strained;

—There was a sharp increase in the volume of banknotes issued;

—In 1988 the nation's total investment in fixed assets increased by 18.5 percent over the previous year,

—The total payroll of the staff members and workers was 22.1 percent higher than the previous year and prices rose by 18.5 percent.

Under such circumstances the great returns brought by high-speed development could not withstand the resultant increase of demand and growth of inflation. This was the result of the irrational national economic structure and excessive outlays in the distribution of national income over a long period. So the central government decided to initiate tight economic policies to extricate the country from economic difficulties. This necessary decision was carried out in a resolute manner.

The major measures for the economic rectification and readjustment from 1989 to 1991 have three basic goals. The first is to alleviate the serious contradictions caused by a far excess of aggregate demand over aggregate supply. The second is to control inflation and the third is to adjust the industrial structure and to develop agriculture and basic industries. The practical results in the past one and a half years have proven to be substantial and noteworthy.

1. The scale of once snowballing capital construction was reduced. If we put the rate of in-

crease in the overall investment in fixed assets in 1989 24.1 percent (the average annual rate between 1982 and 1988), the sum should have reached 558 billion yuan. But the actual figure was only 400 billion yuan (a reduction of 158 billion yuan). After deducting the price factors, the actual sum cut down was 90 billion yuan.

2. The contradiction between commodity supply and demand has been alleviated and consumer psychology has returned to normal. The overall retail price index dropped from 27 percent in January to less than 6.4 percent in December 1989 and further down to 2.4 percent in the first eight months of this year. The increase in savings deposits of urban and rural residents was 134.54 billion yuan, 83.5 percent over the previous year. From January to September this year the monthly increase rate of urban and rural resident savings was 50.1 percent, showing a sharp contrast with the 13.5 percent decrease of 1988.

3. The rapid increase of consumption funds has been controlled. The salaries of workers and staff members taken as a whole increased by 14 percent in 1989, while bonuses increased by 23.6 percent, an 18 percentage point decrease over the previous year. After deducting the factor of price rises, real wages in fact declined 3.8 percentage points. The per-capita disposable cash income for daily necessities of urban residents was 1,260 yuan in 1989, a 12.6 percent increase. The net income of farmers was 602 yuan, a 10.5 percent in-

crease; after deducting the price factor it actually declined about 8 percent. The consumer goods purchases by various institutions increased by 4.2 percent as compared with the previous year, the lowest since 1979. The growth rates of 1987 and 1988 were 19.7 percent and 20.3 percent respectively.

4. The over-heated industrial production was brought under control and the long-standing contradiction between the demand and supply of energy and raw materials was eased. The rate of increase in industry went down to 8.3 percent in 1989 from 21 percent in 1988, maintaining a reasonable growth. The total coal energy output reached 1 billion tons of standard coal, a 4.4 percent increase over the previous year. The ratio was 1:0.67 compared with the industrial growth rate. In 1989, the production of raw materials and the volume of railway transportations increased by 3 to 5 percent. This year, total energy production, the volume of rail freight handled, and revenues from postal and telecommunication services have all increased.

5. There was a good harvest in agriculture and the export volume also increased. Grain output reached 407.45 million tons in 1989, an increase of 3.4 percent, surpassing the all-time high 1984 figure. Except for cotton and sugar-bearing crops, the output of other major farm produce and side-line products all increased. China also gained a good summer grain harvest and the total grain output for this year is expected to reach 420 million tons. The statistics of the customs office show that the total sum of imports and exports reach US\$111.6 billion, an 8.6 percent increase, among which exports increased by 10.5 percent, imports by 7 percent, and the trade deficit was reduced. This year the exports were increased and

the import volume was further controlled. From January to September, exports increased by 14.2 percent, imports dropped by 14.6 percent, and the state's foreign currency reserve has been sizably increased.

However, the retrenchment's good results were achieved at the cost of time and economic contraction. At the end of last year, to solve the problem of overstocking of products and commodities in productive and commercial enterprises, the central bank increased loans, granting industrial enterprises 50 billion yuan as circulating funds in December. In 1990 the collection and delivery system was resumed to solve the problem of mutually entangled debts among enterprises. At the same time loans for capital construction were increased appropriately and industrial production began to revive.

### Existing Problems

The year 1990 is vital for economic improvement and rectification. The Chinese economy has been recovering and gaining stability but there are still many difficulties centering on industrial production and market sales.

Although the market is recovering, the total sales volume of social commodities in the first three quarters of this year is still smaller than the same period last year. The supply of consumer goods and the demand of the urban consumers are roughly in balance. In the first three quarters of this year the national market will continue to improve and the total social retail sales will reach 219.5 billion in the fourth quarter of this year, an 8.2 increase compared with that of the same period last year. The total retail sales for December will amount to 80.5 billion yuan, a 9.6 percent increase, and for the whole year, it will reach 823.15 billion yuan, a 1.6 percent in-

crease compared with last year.

As for industry, the problem of circulating funds being held up by the end-products of enterprises is still very serious, and the enterprises are short of funds. According to an investigation of 1,152 enterprises made by the State Information Centre, 45.81 percent of the enterprises think that lack of capital is the chief factor hindering industrial development, while 40 percent think that the market is the main factor. One goal of the tight policies is to increase the productivity of the enterprises, but so far clear results have not appeared. From January to September this year the tax and profit realized by enterprises decreased 21.5 percent compared with that of the same period last year while deficits of the enterprises increased by 106.8 percent.

At present investments in fixed assets are being stepped up. The agricultural harvest and the partial loosening of institutional consumption may indicate an increase of market demand, so that industrial production is bound to go on improving. According to a preliminary estimate, total output value for the fourth quarter this year will show a 7.5 percent increase compared with that of the same period last year, and the total industrial output value for the whole year, including the output value of villages and village-run enterprises, can meet the set goal of a 6 percent increase.

After affirming the achievements of the retrenchment policies, we should still devote much attention to existing problems and contradictions, adjust the present policies appropriately, and should guarantee key capital construction projects and effective supplies. While stimulating the market to promote production, it is also important to guard against another round of economic over-heating and inflation. ■

## Lhasa: Peaceful and Promising

by Our Staff Reporter Li Rongxia

*A harmonious atmosphere has prevailed in the city of Lhasa since the removal of martial law, evidence that the residents want stability and progress. On a recent trip around the city, Beijing Review reporters found that Lhasa residents' main concern is economic development and improvement in their standard of living.*

**A**lthough it takes just four hours by air from Beijing to Lhasa via Chengdu, our trip took 48 hours. The Chengdu airport reported rain in Lhasa, and we had no choice but to wait for two days in Chengdu for better weather.

When the plane finally taxied along the runway at the Gongga Airport, we could see the rolling mountains under an overcast sky and another runway being built.

The surrounding areas of Lhasa are of varied topography. Twenty-seven years ago, after repeated investigation, it was determined to build the airport by a river. This placed the airport a long way from the urban district and we had to speed in our Toyota along the paved road for more than an hour before reaching the Tibetan Guest House in downtown Lhasa.

After supper, we were pleasantly surprised to discover that we suffered no signs of the alpine syndrome as many people had warned us to expect. It was at eight o'clock, Beijing summer time. Since the sunshine was still dazzling, we took our first stroll in Lhasa.

### Under the Sun

Our guest house is situated on the Yutuo Road. The autonomous regional government is located at one end of the road and the famous Jokhan Monastery and

Bargor Street are at the other end.

As we strolled, state-owned shops had already closed for the day two hours before, but the private restaurants and shops were still open. A few street peddlers were soliciting customers. The number of pedestrians, however, was smaller than in Beijing. Occasionally, we saw middle-aged and elderly people twisting their prayer's wheels and Buddhist beads and muttering to themselves. Whenever they saw a stone religious statue, they piously went around it clockwise and recited scriptures or sprayed some highland barley wine and glutinous rice cakes about the area. Some people were dressed in Tibetan robes, others in Han clothes. No matter what they wore, however, we could tell from their sunburnt faces and unconstrained gait that they were Tibetans.

We walked to the Dragon King Lake, now a public park at the foot of the Red Mountain on which the Potala Palace towers.

Strolling about the lawn, we saw some kids laughing and playing and some adults sitting about under the setting sun.

Some elderly Tibetans sitting under an ancient tree with twisted roots and gnarled branches played Tibetan cards, taking a pinch of snuff now and again. Seeing our cameras, some Tibetan lads waved their hands and



shouted, "Take our picture!"

We set out to cross a bridge but two smiling Tibetan kids blocked our way. When we asked why, one of them also asked "why" and began to sing in mandarin a popular song of the interior "why we say good-bye...."

The sun had set, but the sky was still bright and the view we had of the Potala Place from behind was imposing.

### Lhasa Residents

In the following days, we interviewed several Lhasa residents.

Galsang Cering, 56, a Tibetan who lives in the fourth lane of Shengli Road, was playing with his grandson when we arrived for a visit.

Formerly, Galsang Cering was a ferryboat operator on the Quxu River, south of Lhasa. At that time, there was no bridge across the river and all vehicles coming in and going out of Lhasa would cross the river on his boat. After

the completion of the Quxu Bridge in 1965, Galsang Cering went to Shannan with his ferryboat and later built ships in a big lumber yard. After his wife died in a traffic accident, the local government provided for him and arranged for his retirement five years ago. His unit gave him 160-260 yuan monthly in pension, a sum based on the unit's business situation (according to the 1988 statistical data, the per-capita monthly salary for the workers of the autonomous region averaged 225 yuan.).

Cering has four daughters, three of whom have married. The youngest daughter studies at a middle school in Lhasa. His three married daughters often come back for a visit, bringing him his favourite food and helping him cleaning up the house. In addition to doing household duties and reciting Tibetan scriptures, Cering also takes time to look after his grand children.

When asked whether he was

satisfied with his life, Cering said, "I was a slave in the old society. At that time I could hardly get enough to eat, never mind buttered tea. Nowadays, not only am I better off, all the people in the area, especially the children, are living a better life. I am retired and have a pension. Who could have thought of such a thing in the past?"

When speaking of the riots and the subsequent imposition of martial law in Lhasa's urban area, Cering had a lot to say.

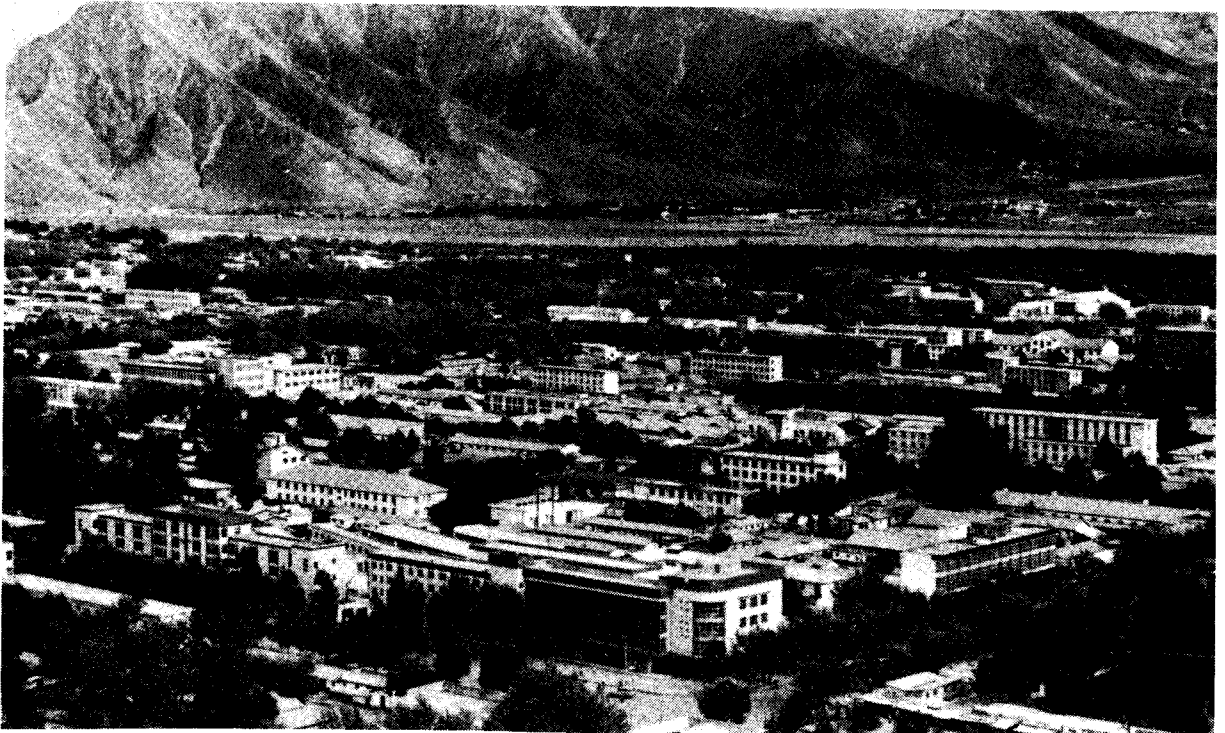
"During the previous riots, I hid at home, worried to death about my family.

"I owe my happy life today to the Communist Party's leadership and I trust the Communist Party. The scoundrels who wanted independence only caused trouble. They beat people and burnt and looted shops, seizing the local residents with panic.

"When martial law was enforced in Lhasa last year, the city

### A new look for downtown Lhasa.

CHEN ZONGLIE





Galsang Zholwa and her husband watch a video.

CHEN ZONGLIE

immediately became tranquil. There was order in the streets. Everyone's mind became at ease and it was safe to go outside. Before I got used to showing my ID in the street, the martial law was lifted on May 1 this year."

Galsang Zholwa, a 48-year-old woman living in the fourth lane on Lupu Road, began to learn hair-styling at a hairdressers at the Bargor (north) Street in 1970 and was soon elected the head of the shop.

"Our barbershop," she said, "is a collectively owned business.

Everyone can earn workpoints and draw extra income. Those who work more, gain more. Like other parts of the country, we introduced a diversified economy a few years ago; our barbershop also sells others goods. Since business is brisk, each employee can earn, on an average, 300 yuan a month.



Jinzhon Gyamican Puncog.

CHEN ZONGLIE

"My family's living standards are fairly high in Lhasa. My husband, Tubdan, is 66 years old. He was a worker at a construction company before he retired. We have four children and they all have jobs."

Looking round Zholwa's room, we found, among a variety of goods, such products as a Hitachi

television, a Toshiba video-recorder, a tape-recorder and a washing machine.

Zholwa said, "We were very poor in the past. After the peaceful liberation of Tibet, though, we have had a happy life. We know very well why this is so. In recent years, the living standards of everyone have improved remarkably. On no account should we let those scoundrels create confusion and get us into trouble."

Jinzhon Gyamican Puncog, 64, is vice-chairman of the Tibetan branch of the Chinese People's Political Consultative Conference. His family background is of Tibetan nobility—Jinzhon was his official title in the past. In 1951, he went to Beijing to take part in the peaceful negotiations, acting in his capacity as the secretary to Ngapoi Ngawang Jigme, the chief delegate of the local government of Tibet.

"After the peaceful liberation, Jinzhon became an ordinary citizen and a state functionary. He has held, at one time, the posts of deputy mayor of Lhasa, director of the Commercial Department of the Autonomous Region, deputy director of the government office administration and vice-chairman of the Academy of Social Sciences of the autonomous region. Beginning in 1982, he became vice-chairman of the Chinese People's Political Consultative Conference's Tibetan branch.

"Although I was a member of the local government of Tibet, the Communist Party has not held this against me; I am allowed to hold relatively important posts in the government," he said.

"Now I live a happy life. All my five children are working. My wife, formerly an announcer of the Lhasa Broadcasting Station, is now retired. My monthly salary is more than 500 yuan. In 1987, I spent 30,000 yuan

(10,000 of which was a government subsidy) to build a 146-square-metre house with a courtyard of about 200 square metres. In the old society, although I was a government official, I lived with my tutor and did not have a house of my own.

"I have experienced two governments, the old and new. I've been a witness to the great changes which took place after the liberation of Tibet. Before Liberation, public health was poor and diseases left the country with a population of only 1.15 million in 1952. Medical conditions have improved drastically in the new society and medical treatment is free for every Tibetan. By 1989, Tibet's population had soared to 2.18 million. Also, by 1989, the region's total agricultural output value had reached 756 million yuan, a 4.5-fold increase over 1952, and total industrial output value amounted to 221 million yuan, 7.6 times higher than 1965. The life of the herdsmen, serfs in the past, has been improving day by day. In 1987, the per-capita income was 119 yuan, but the figure jumped to 397 yuan in 1989. Schools were started al-

most from scratch. In the old society, there were only 20 private primary schools with 3,000 students. Tibet now has 2,398 primary schools, 20 middle schools, 15 secondary technical schools and four universities with a total enrolment of 160,000 students. Without the Communist Party, there would have been no new Tibet. Without the socialist system, there would have been no happy life for us today," Jinzhon continued.

"The Tibetan public supports the Communist Party. In the riot two years ago, only a few people shouted the slogan 'independence.' Most people were simply onlookers and only a handful of monks and nuns were involved."

Qunjue, editor-in-chief of *Tibet Daily*, was my classmate when I studied at Beijing University. He told me about the riot in Lhasa last year.

He said, "The disturbance created by the splittists didn't have popular support; Tibetan people do not agree with such actions. Why? Because compared with our father's generation, our life is much better. I had the opportunity to study at a famous university in Beijing, something

our father's generation could never dream of. We all wish to have a stable society because only with stability can Tibet develop and become prosperous."

### Mysterious Places

One afternoon, as we roamed about the city, we went to Yutuo Road to visit the Jokhan Monastery and Bargor Street at the other end of the road.

Yutuo Road is much like Wangfujing Street, the shopping centre of Beijing. On both sides of the road, one finds the largest state shops, a cinema and a Tibetan hospital along with private restaurants, fashion shops, department stores and hair dressers.

Along the street, private stores play popular music and hair dressers display the newest styles (fashionable even in Beijing) in a bid to attract customers.

Some of the busiest places were the billiard and electronic game rooms. In one crowded electronic game room, a young man was absorbed in pretending to drive a car. By his excellent performance, we knew he often went there.

By the Jokhan Monastery Square, there is a new two-storey shop, bigger than all state stores on the road. Inside, nearly every counter space had been rented out to collectives or individuals and were filled with a variety of goods, including cosmetics and ornaments from India and Nepal.

On the square, Tibetan women sold all kinds of ornaments and musical instruments used in a Buddhist mass, taking out from the inside of their robes a bracelet or a necklace, a niche for a statue of Buddha or a Tibetan knife, hawking them to passersby in fluent Chinese or simple English. Every item was a cultural relic. The Tibetan people are a walking storage house—they

Qoinjor (second right) and his colleagues prepare the layout.

LI RONGXIA



prop up their robes by the collar and tie them tight around the waist. Then they let the collar slide downward and make a hollow space to carry goods.

Bargor Street, a ring road around the Jokhan Monastery, is banked by booths selling both ordinary goods and unique handicrafts, such as old prayer wheels, musical instruments used in a Buddhist mass, Tibetan knives, hada (a piece of silk used as a greeting gift) and Tangkar paintings.

This is the busiest street in Lhasa and, like the shopping streets of Beijing, attracts many foreign tourists who take pictures, buy souvenirs and mingle with the peddlers.

As the situation in the Tibet Autonomous Region has stabilized, the government has relaxed restrictions on foreign tourists and allowed them to visit the region in groups of at least three. On this last trip, we were accompanied by other reporters who had entered the region by bus through Qinghai Province. They told us that when their bus had stopped for an inspection in

Nagqu, a major city in north Tibet, the inspection station found among the passengers five young ladies from Hong Kong. These Hong Kong tourists were aware of the regulations concerning outside tourists but, worried that their Hong Kong residences would cause them difficulty, they kept their identity secret. The inspection station checked their identity and allowed them to proceed in half an hour after going through formalities of the public security office.

Statistics indicate that Tibet received 3,603 foreign tourists last year. The figure topped 4,000 by the end of last July and is expected to hit 10,000 by the end of this year after the peak tourist season of July, August and September.

Highly enthusiastic, we returned to Bargor Street after 10:00 pm. The street was quiet and deserted. In a room to the north of the Jokhan Monastery, some devout disciples were still turning their prayer wheels. A private restaurant in the south of the monastery was still open and seven or eight Tibetan girls sang

songs as they drank barley wine, enjoying themselves under the dim light.

At the Jokhan Monastery Square, we met two police officers in charge of public order in the square. They told us that the situation in Lhasa was stable and social order restored so they had little to do. Generally, they kept up their training and did some cleaning. They remained vigilant, however, because it was their duty.

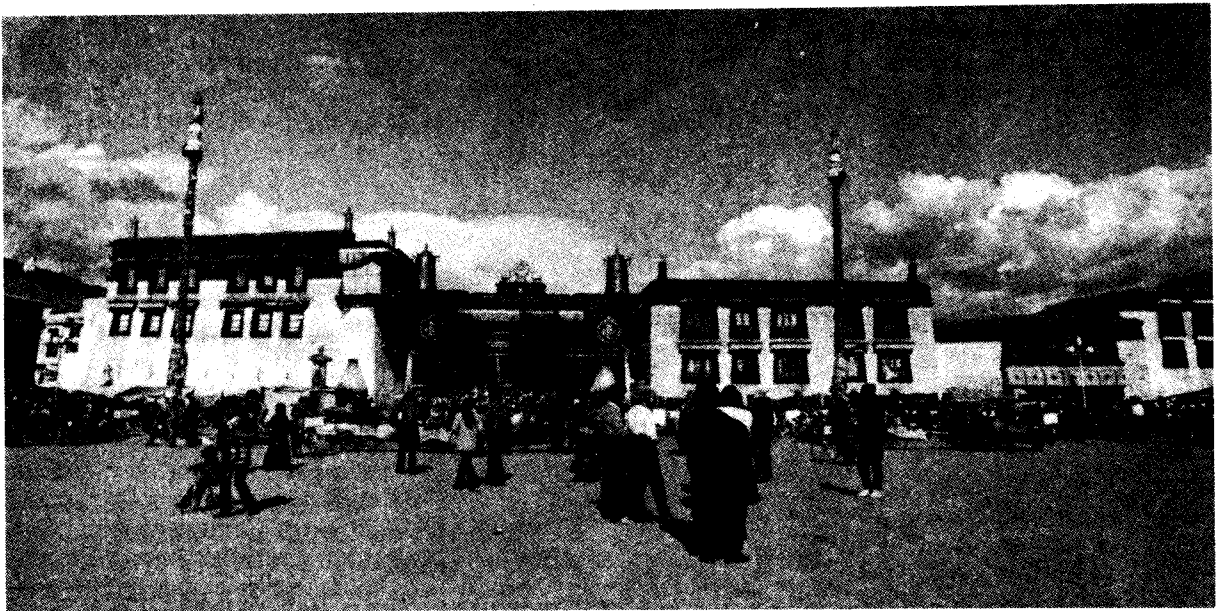
### Concern and Confidence

Strolling about the street in the quiet of the night, we heard a Tibetan broadcast from a nearby house. Wangdui Doje, an official from the Bargor Street Administration Office, told us it was an international broadcast.

Almost all Tibetans believe in Buddhism and worship the Dalai Lama, according to Wangdui Doje. The reincarnation of the Living Buddha is reflected in the belief of Buddhism through the worship of the Dalai. Overseas separatists have taken advantage of this, however, and broadcast

Jokhan Monastery Square.

CHEN ZONGLIE





the Dalai's speech on scripture every day. As part of the broadcast, they advocate the independence of Tibet in order to stir up disturbances in the region. Even worse, they have sent people into the region to carry out separatist activities.

Although religion is a part of the life of the Tibetan people, Wangdui Doje told us, the people must also have food to eat. They



Basang Wangdui.

LU ZHIXIANG

need a future based in reality. If they burn incense and pray the whole day, all year round, who will build the region's economy? What kind of future will there be?

Tibet suffered a lot from the "cultural revolution" (1966-76). Many monasteries and temples were destroyed and some lamas were forced to take up a secular life. Since 1978, however, the central government has set aside more than 30 million yuan to rebuild monasteries and temples in the region. Today, there are some 30,000 registered lamas in the region. Statistics show that by the end of 1987 there were 6,640 registered lamas in Tibet. But the people wearing kasaya (a patchwork outer vestment worn by Buddhist monks) who were active in various monasteries and

temples greatly outstripped this figure. Some of them were split-tists who instigated a number of riots in Tibet.

The Chinese government protects freedom of religion for its citizens but resolutely opposes any criminal activity taking place under the cloak of religion. Last year, the judicial department in the region tried 63 criminals engaged in separatist activities under the guise of religious activity.

The struggle to oppose separatism is protracted, Wangdui Doje said, because, despite the fact that separatists are small in number, they have not halted their activity since the 1950s.

Basang Wangdui, deputy director and associate research fellow of the Institute of History under the Chinese Academy of Sciences, said the criminal activities intended to split Tibet from the motherland began when imperialist powers divided China into several spheres of influence after the Opium War in 1840. To further cripple and divide up China and to satisfy their own interests, some old-brand imperialist countries supported and instigated people to undertake a campaign of Tibetan independence. The idea of an "independent Tibet" is in fact a result of the imperialist invasion of China.

Although each riot in the region had its international background and the separatist activities were always supported by foreign forces, Gyamcan Lobu, chairman of the Tibetan autonomous regional people's government, is confident about the region's future development.

The lifting of martial law in Lhasa proves that the situation in Tibet is stable, the chairman said. The problem of Tibet is highlighted in Lhasa while the problem of Lhasa lies in the downtown area. Since the situation among the herdsmen who



LU ZHIXIANG

Gyamcan Lobu, Chairman of the Tibetan autonomous regional people's government.

make up 99 percent of the region's total population is stable, a large-scale disturbance is impossible. A few separatists will not get anywhere with their actions. After the lifting of martial law, some monks and nuns took to the street four times but local people, disgusted with their actions, gave them no support. There were not even any onlookers.

The chairman said, "In the future, we should continue to stabilize the situation in the region and develop its economy. We should speed up the development of natural resources and turn the Yarlung Zangbo, Lhasa and Nyuangqu river basins into a production base for grain, non-staple food, textiles, light industrial products and handicrafts. We should also accelerate energy construction, improve air and land communication facilities and develop training programmes for national cadres and technicians."

The 1990s is the key decade for building a stable and flourishing Tibet, Gyamcan Lobu said, noting that the future of Tibet looked bright. ■

# Margaret Thatcher: Out of the Limelight

by Wang Yong

**M**argaret Thatcher's 11 and a half years at 10 Downing Street as Britain's longest serving 20th century prime minister came to an abrupt end after an eruption of revolts in her Conservative Party.

On November 27, a week after she had narrowly failed to win an outright victory over her leadership challenger, former Defence Secretary Michael Heseltine in the first round of ballot, she told Queen Elizabeth II she would relinquish her position to John Major, former Chancellor of the Exchequer who was elected the new leader of the Conservative Party and prime minister.

Her surprise decision to resign on November 22 immediately evoked mixed reaction worldwide.

The official reaction of the European Community (EC) Commission — a routine target of Thatcher's attacks in her opposition to European integration — was, "It's a burden off our backs."

US President George Bush said, "I will miss her counsel."

Regretful or not, the "Iron Lady" has become the first British prime minister since World War II to be forced out of office, except by a general election, while in good health and willing to carry on.

She came to power in 1979 and created an economic miracle in her first two terms by cutting taxes, breaking trade unions, selling state enterprises to private investors and making it easier for families who were state tenants to buy their homes.

The privatization policy, the centrepiece of "Thatcherism," gave individual ownership to millions of British citizens during the 1980s, creating a new breed of capitalists who the Conservatives always hoped would show their gratitude at the ballot box.

But the glory faded when she failed to check an economic recession with high inflation and interest rates after winning a third election victory in 1987. In 1990, her poll rating hit an all-time low when she introduced the unpopular poll tax. In addition, her policy towards Europe had bitterly estranged her from other major figures in the Conservative Party which always prided itself on "loyalty and unity."

Unpopularity at home was the fundamental element in her downfall.

After achieving a steady economic growth in her first two terms, Mrs. Thatcher failed by permitting a credit-fuelled consumer boom which sent inflation into a new spiral in 1987-1988, forcing a squeeze in

subsequent months when interest rates were as high as 15 percent.

With inflation at 10.9 percent — the highest of the larger European countries, the British economy slipped into a recession with high unemployment figures.

Thatcher decided to raise the interest rate of loans in a last ditch attempt to curb inflation. However, the high interest rate policy pushed Britain's economy to the verge of bankruptcy rather than cure anything. The most seriously hit area was the country's export trade. The pound was kept excessively strong by the high interest rates, almost pricing the exports out of the world market.

This unpopular decision also brought protests from those who had benefitted from the privatization policy. The majority of the 70 percent of home-owning families have mortgage loans to repay in monthly installments.

On October 8, Thatcher was persuaded by John Major to align the pound to the Exchange Rate Mechanism (ERM), enabling the pound to fluctuate with other currencies, especially the deutschmark. The purpose was to bring down the value of the pound, and in turn cut interest rates. But the British markets reacted with only a short-lived euphoria before embat-

tling higher interest rates — now 14 percent.

A community charge, or poll tax, introduced this year to finance health service, education and refuse collection, also tarnished her reputation for revitalizing the British economy. Critics say that the poll tax is unfair because all adults in a district pay the same charge, regardless of wealth, thus favouring the upper class.

The poll tax policy sparked street violence in London which evolved into one of the worst riots in London this century.

Thatcher was also under fire over funding for health service and education, which were believed to have deteriorated as a consequence of her policy of cutting public spending.

Yet, with all these difficulties at home, the challenge to her leadership came not from the voters, but from the revolts among the Conservatives who were weary of her autocratic style.

The whole idea of cabinet government, it is said, is that it should produce a consensus under the chairmanship of the prime minister, first among equals.

But it is Thatcher's dominance of personality that has ruled with an iron rod in the cabinet since 1979. In 1980, for example, when others shirked from the radical cures of Thatcherism, she scolded her fellow Conservatives: "You turn if you want to; the Lady's not for turning."

Her policy towards Europe provided an occasion for the explosion of the revolts, precipitated by the surprise resignation of former Deputy Prime Minister Sir Geoffrey Howe on November 1, 1990.

Howe represented a group of mild Conservatives who seek closer economic union and pol-



XU RUYUAN

The era of the "Iron Lady" is over: Mrs. Thatcher on her way to the Buckingham Palace to hand in her resignation to the Queen.

itical ties with Europe. He resigned to protest Thatcher's blunt rejection of a plan adopted by the 11 other EC leaders at a summit in Rome to establish a single central bank by 1994 and a single currency by 2000.

In his resignation letter, Howe indicated he had been disturbed as much by the style as the content of her dispute with cabinet ministers who were less opposed to a monetary union. "The tragedy is the Prime Minister's perceived attitude towards Europe is running increasingly serious risks for the future of our nation," he said, "It risks minimizing our influence and maximiz-

ing our chance of being again shut out."

Thatcher was implacably opposed to economic and monetary union with Europe, especially a plan by EC Commission President Jacques Delors. The three-stage Delors plan envisages a central Euro-Bank in 1994 and a single currency by 2000. Thatcher immediately taunted the Europeans represented by Delors as living in a "cloud cuckoo land."

Thatcher argued that a single currency would strip national parliaments of power. She was iron-willed to "retain our fundamental ability to govern through

Parliament.”

“Britain intends to be part of the future political and monetary development of the Community,” she said, “only when we come to negotiating on particular points rather than concepts and generalities.”

She insisted that profligate common agriculture policy be brought under control; a giant EC single market be established after 1992; a sustainable pound and an inflation rate comparable with that of other EC countries be achieved.

Her acrimonious quarrels with other major figures in the Conservative Party had already cost her three cabinet ministers, leaving the party in disarray.

In 1986, Michael Heseltine wanted Thatcher to save Britain's only helicopter manufacturer with the help of other European countries rather than the United States. He quit the cabinet when he refused to be muzzled over the affair by her autocratic leadership.

In October 1989, Nigel Lawson resigned as Chancellor of the Exchequer after failing to persuade Thatcher to join the ERM.

In January this year, Employment Secretary Norman Fowler resigned, saying he wanted to spend more time with his family.

All these developments led to Thatcher's statement on November 22, in which she said: “I have concluded the unity of the party and prospects of victory in a general election would be better served if I stood down to enable cabinet colleagues to enter the ballot for the leadership.”

Despite all her failures in economics and politics during her last term in office, Margaret Thatcher will nevertheless be remembered by many as one of the great prime ministers Britain has produced. ■

## Gulf Crisis Threatens Western Economy

by Yu Kexing

*The Western economy, not able to bear any heavy impact being in the later stages of an economic cycle, would be disastrously hit if the Gulf crisis causes a serious oil crisis.*

**A**lthough the Gulf crisis has not yet led to a third oil crisis, it will likely push some countries into economic recession.

First, developments in the Gulf situation involve the possibility of a large-scale war. If such a war broke out, oil-fields in Saudi Arabia, Iraq and Kuwait would to a certain extent be destroyed and an oil shortage causing higher oil prices would be unavoidable. According to the World Bank, in the event of war, oil prices would rise to US\$65 per barrel. This, in turn, will accelerate inflation and economic recession in Western countries. Of course, on the other hand, a war can increase military expenditures and stimulate investment, thus restricting to a certain degree an economic recession. But the rise of oil prices cannot bring a war boom. The Viet Nam War occurred in the 1960s when the world encountered an oil crisis and energy was cheap, giving the Western economy an external impetus, not a sabotage. However, the current situation is different from that.

Second, the Western economy, now in the later stages of an economic cycle, cannot sustain any heavy impact. This is most obvious in the United States. The US economy has



seen an eight-year growth since December 1982, but is now nearing the end of this economic cycle, with consumer demand losing momentum.

Embarrassed by budgetary and trade deficits, the United States finds it difficult to use monetary and financial policies to stimulate the economy. If oil prices skyrocket because of short supply this winter and spring, inflation will intensify, individual consumption, enterprise investment and exports will be curbed and economic growth will stagnate, causing an economic decline.

Also, the economic situation in Britain and Canada are severe. After a rapid development during 1984-87, the British economy took an unfavourable turn during the second half of 1988. The growth rate decreased from 4.6 percent in 1988 to 2.2 percent in 1989 while the inflation rate, the highest among Western countries, rose to 9.8 percent last July from 4.9 percent in 1988. The financial situation and foreign trade have also deteriorated. Last year, the

British budgetary deficit reached 6.12 billion pounds, a 26.7 percent increase; trade deficit was at 19.07 billion pounds, an increase of 3.38 times, thus weakening the sterling's position.

In order to curb inflation, the British government has raised interest rates to 15 percent. After Britain joined the Exchange Rate Mechanism of the European Monetary System, the basic interest rate was lowered to 14 percent, still the highest among the major capitalist nations. High interest rates hinder the growth of fixed assets and individual consumption, adversely affecting economic development. Nevertheless, facing a flat sterling and high inflation, the interest rate cannot be sharply decreased. Britain is hard to withstand any economic shock from the outside world due to its economic dilemma. Once oil prices rise, inflation intensifies and the American economy declines, the British economy cannot help but decline.

The Canadian economy de-

veloped smoothly from 1986 to 1988. However, the growth slowed down beginning in the fourth quarter of 1988. Last year, the growth rate dropped to 3 percent from 4.4 percent in 1988.

Now, Canada's individual consumer demand, fixed asset investment and foreign trade — the three major factors promoting economic growth — have gradually lost momentum. Last year, the growth rate of individual consumption shrank to 3.8 percent from 4.3 percent the previous year.

In addition, as Canada's economy is closely linked to the US economy — 70 percent of the country's exported goods go to the United States — an economic recession in the United States will seriously hurt the Canadian economy.

Presently, Japan and Germany are in better economic situations. There are growing domestic demands for consumer goods and investment and a favourable international balance of payment. Last year, Japan's economic growth rate reached 5 percent and it is expected to be 4 percent this year. The German economic growth rate last year was 4 percent and it will maintain that level this year. With a low inflation rate and sound financial situation, both countries have strong capabilities to resist economic decline and oil shock. Currently, for each US\$1,000 of GNP, Japan only consumes 1.24 tons of oil, Germany, 1.87 tons and the United States, 3.35 tons. If no serious oil crisis occurs, the German and Japanese economies will not enter recession in the near future. However, if the US economy worsens, they will be seriously affected. ■

**US President George Bush and Egyptian President Hosni Mubarak explain their positions on the Gulf crisis at a news conference in Cairo November 23.**



# Asia Savours Belated Detente

by Tao He

Since World War II Asia has been a major target for US-Soviet rivalry, second only to Europe. The battlefield of the cold war between the United States and the Soviet Union is mainly on the Korean Peninsula, resulting in the division of the Korean nation and the subsequent political and military confrontation between the superpowers.

Recently, however, the situation has taken a drastic turn. After maintaining a four-decade-long special relationship with the Democratic People's Republic of Korea (DPRK), the Soviet Union is turning to South Korea and Japan. Relations between Seoul and Moscow have escalated from a trade office level in April 1989 to a consular level in December and finally to the establishment of full diplomatic relations on September 30 this year, thus breaking the long-standing mutual non-recognition situation in which China and the Soviet Union refuse to recognize South Korea and the United States and Japan do not recognize the DPRK.

At the same time, Moscow is actively seeking to improve relations with Tokyo. President Mikhail Gorbachev will visit Japan in April 1991. On the other front, relations between Washington and Pyongyang are also improving, as can be seen in the return of the remains of five US soldiers killed in the Korean War to the United States by the DPRK in May 1990. There have also been changes in the relations between Pyongyang and Tokyo. The DPRK is the only country in

the world that has no diplomatic relations with Japan. On September 24, former Japanese Prime Minister Shim Kanemaru, a very influential politician of the ruling Liberal Democratic Party, headed a delegation to visit the DPRK, the first such high-level contact between the two sides since World War II. President Kim Il Sung has indicated that his country would establish diplomatic relations with Japan in six months. Negotiations are under way. This is a major turn in relations between the two countries.

The most noteworthy, however, was the summit meeting on September 5 between prime ministers of the north and south sides of Korea. This meeting, together with other changes, symbolizes a relaxation of cold war tensions in Asia and heralds an era of Korean unification through dialogue and negotiation between the north and south sides.

## Causes

A number of factors are responsible for these changes. Troubled by its ethnic problems and faltering economy, the Soviet Union is implementing an "accelerated economic development strategy," which requires Moscow to improve its ties with Seoul and Tokyo to gain capital and technology needed to develop Soviet Far East. For the first time, the pursuit of national interests prevailed over the prolonged commitment to strategic allies in Soviet diplomacy. The Soviets' reduction of aid to the

DPRK and establishment of diplomatic relations with South Korea are just an example of this diplomatic change.

Prompted by the change in Moscow-Seoul ties, the DPRK is also adjusting its policies to gain diplomatic initiative. The United States, out of concern to cut military spending, mapped out an East Asian strategic plan earlier this year, under which Washington will pull 15,000 US troops out of Asia, including South Korea, in the next three years. Troops stationed in South Korea will be the primary target of the reduction plan, which specified that by the end of the 1990s, 85 percent of the US troops in South Korea will go home. Washington has also indicated it will cut the scale of joint military exercises with South Korea. All this undoubtedly has had a bearing on the DPRK's policy.

For Japan, its policy changes have been prompted by a desire to become a "political power." Since the last world war, Japan has not signed a peace treaty with the Soviet Union and there has been no substantial progress in bilateral relations. Japan is acutely aware of the fact that without the support of the Soviet Union, which has a global influence, the goal of "political power" will only be a dream. Even realized, it will only become a lame giant at most. Therefore, Japan is making overtures to warm up relations with the Soviet Union. Furthermore, to create a stable "backyard" for the future "political power," Japan, while continuing its friendly co-operative relations with

South Korea, is taking steps to ameliorate ties with the DPRK.

### Impact

The relaxation of the cold war tensions in Asia and the improvement of relations between the countries involved will have a positive bearing on the establishment of mutual trust between countries and on the elimination of cold war. Along with the warming of relations will come more exchanges of personnel, trade and cultural activities. However, under the present circumstances, it is hard to predict exactly when the cold war in Asia will collapse.

An undeniable fact is the deployment of Soviet troops in northeast Asia, which account for one third of the Soviet armed forces. The United States, while retreating from Asia, still claims that it is a Pacific country and insists on the need to maintain a military presence in Asia and take an active part in Asian affairs. Furthermore, the two superpowers continue to maintain

their own military alliances in Asia and disarmament in Asia has not been put on their agenda yet.

Another factor that will affect stability in Asia is Japan's policy in response to the decline of US influence. Specifically, whether Japan will fill the vacancy left by the withdrawal of US troops. In addition, the process of Korean unification will certainly be full of twists and turns.

One thing is for sure, however. The collapse of cold war in Asia will not have as large an effect on Asia as the unification of Germany had on Europe. This is because:

First, there is no question about the reorganization of forces in Asia. Since World War II, the strategic situation in Asia has evolved from a bipolar one — consisting of the United States and the Soviet Union — to a tripolar one — including China — and the present quadri-polar one — with Japan. From the end of World War II to the late 1950s, the two superpowers confronted each other with their

own spheres of influence. Since the 1960s, China has become an independent and powerful political force in Asia. Since the 1980s, Japan has attained the status of a super economic power matching the United States, which has given rise to an attempt to become a political power that can actively participate in the establishment of a new international order. Japan has rapidly become another major political force in Asia. This situation will last for quite a long time.

Second, as the symbol of Asian cold war, the Korean Peninsula is not as influential as Germany. There are 40 countries in Asia, with a population of 3 billion. There are old civilizations like China and India, as well as developed nations like Japan, and newly industrialized countries, such as Singapore and other Southeast Asian countries. In comparison, the Korean Peninsula has only an area of 200,000 square kilometres with a population of 60 million. Its social development level is not high and there is an absence of a traditional

influence. Germany, on the other hand, is situated in the heart of Europe and traditionally exerts a great influence in European history. Once unified, it will surely become the focus of European attention.

Therefore, while it may take some time for the cold war to collapse in Asia, the Asian strategic situation will not be seriously affected. However, this relaxation will promote stability and development in Asia and thereby safeguard world peace. ■

**Korean unification process set in motion: The second round of summit meeting between the north and south sides of Korea is held in Pyongyang October 16-19.**

GAO HAORONG



## A Favourable Change in China's Economy

ZHONGGUO TONGJI XINXIBAO  
(Information Daily for China's Statistics)

**C**hina's economy has taken a turn for the better this year.

● **Agricultural production hit an all-time high.** After reaping the summer grain crops and early season rice, autumn grain crops are also expected to have a good harvest. The total grain output this year will climb to 425 million tons (about 425 billion kilogrammes) this year, 17.5 million tons (17.5 billion kilogrammes) more than that of last year, a record year since 1985. Meanwhile, cotton, oil-bearing and sugar-bearing crops have had bumper harvests. The production of animal husbandry and fisheries steadily increased.

● **Industrial production comes out of the slump.** The third quarter of this year's industrial output value saw an increase of 5 percent over the corresponding period last year, higher than the 4.1 percent increase during the second quarter. In September alone, the industrial output value increased 7.5 percent. During the first three quarters, total industrial output value of China's township enterprises (not including those run by village or smaller units) reached 1,402 billion yuan, an increase of 3.1 percent over the corresponding period last year. With the readjustment of industrial product mix, products needed on markets have steadily developed. It is expected that the nation's industrial production above township level in the fourth quarter of this year will have an increase of 4.5 percent. If industries run by village or smaller units are includ-

ed, the nation's industrial output value is expected to realize an increase of 6 percent, as scheduled.

● **Construction of key projects has been sped up, and the readjustment of investment yielded good results.** In the first three quarters, 26.8 billion yuan, or 67.2 percent of the year's plan, was invested in 200 key state projects. Construction in the energy and communications departments has been strengthened and the proportion of investment in ordinary processing industries has dropped somewhat. Between January and September this year, investment in the energy industry totalled 41.1 billion yuan, 22.1 percent more than the same period last year. The proportion of total investment rose from 26.7 percent last year to 30.3 percent this year, the highest proportion in the 1980s. Investment in transportation and post and telecommunications topped 19.7 billion yuan, a 16.3 percent increase over last year. The proportion of the total investment soared from 13.5 percent to 14.6 percent. The proportion of the total investment in the ordinary processing industry dropped from 16.8 percent to 15.4 percent.

● **The international revenue and expenditure has improved and foreign exchange reserve has risen.** According to Custom's statistics, over the past nine months, the total export value reached US\$41.4 billion, a 14.2 percent increase over the corresponding period last year. Among commodities exported, finished industrial products increased more than 20 percent, accounting for about 75 percent of total

exports, a 4 percentage point increase over the same period last year. At the same time, import value was continuously brought under control. The total import value was US\$36.5 billion during the previous nine months, a 14.6 percent reduction.

The tourist industry has gradually picked up. From January to August this year, China received 18.12 million tourists, an 8 percent increase over the corresponding period last year. The tourist industry earned US\$1.35 billion in foreign currency, a 7.6 percent increase.

● **Prices leveled with the increasing demand of consumers and the sluggish market picked up.** The total volume of retail sales has increased since last June. It is expected the total volume of retail sales will see a 2 percent increase over last year.

Retail prices have fallen and the average price increase between January and September was 2.8 percent, only 0.4 percent at the end of last August, almost the same rate over the period last year. The entire year's price increase will be 3 percent, far lower than the 17.8 percent of last year.

● **Job problems were eased.** By the end of September, workers awaiting jobs, because their factories suspended production, totalled 3 million, or 3 percent of the total workers in production and a 3 percentage point decrease from the beginning of this year. There are now 4.5 million temporarily laid-off employees, the rate of 3 percent, which is better than expected.

(October 24, 1990)

## Debt Service Going Well

A reporter from *Beijing Review* has learnt from the State Administration of Exchange Control that the repayment of China's overall foreign debt is progressing smoothly. Although the amount of overdue foreign debt remains at nearly US\$150 million, new repayment agreements for many loans have been clinched with creditors.

A leading official at the State Administration of Exchange Control stated that although difficulties have cropped up in individual items, these difficulties will not affect the overall repayment of loans. The scope of China's foreign debt has always been within its ability to repay.

By the end of June, China's foreign debt stood at US\$45.4 billion, an increase of US\$4.1 billion, or 10 percent, compared to US\$41.3 billion at the end of 1989. Compared with the average growth of 36 percent between 1985 and 1988, the nation's debt growth has slowed down considerably. According to available statistics, China repaid foreign loans of about US\$17 billion in 1989, most of which were short-term loans used in the year, as well as previous medium- and long-term official preferential and non-preferential loans for commercial purposes.

The official also said that China's rate of loan repayment is reasonable. The rate of debt payment was less than 10 percent in 1989, well below the international level indicating foreign debt trouble.

Foreign media reports have stated that some of China's enterprises find it difficult to pay their debts on time. The State Administration Exchange Control agreed that this was a prob-

lem, with the figure of overdue foreign debt at around US\$150 million by the end of 1989. However, compared to the overall foreign debt, the proportion of the present overdue foreign debt is very small and will not affect the situation as a whole.

It is reported that in order to settle the problem of payment of foreign debts, some places have set up payment of debt funds. The State Administration of Exchange Control has already suggested popularizing such funds in relevant districts.

by Li Ming

## Contract Signed for Auto Production

A contract to manufacture 150,000 cars for a popular market by the Changchun No.1 Motor Vehicle Works and the Volkswagen Company of Germany was signed on November 20. This is the largest co-operative project in China's automobile industry.

The total investment for the project is 4.2 billion yuan (about US\$800 million). The investment proportion for the Chinese side and German side is 6:4 with a term of 25 years.

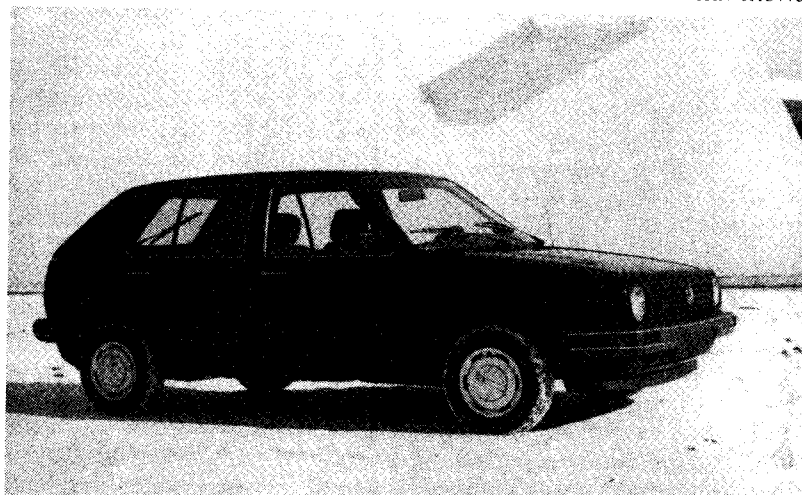
Under the contract, the project will first manufacture the second-generation products of the *Golf* and *Jetta* cars which have the advanced levels of the late 1980s, then manufacture the third-generation products which will come out in the 1990s by the Volkswagen Co. This will bring the co-operative enterprise to the forefront of the world automobile manufacturing industry.

The construction of the enterprise will start in 1991. Meanwhile it will produce cars assembled from bulk spare parts to supply the market. The enterprise will be put into operation in 1994 with an annual production of 60,000 automobiles and build up a production capacity of 150,000 by 1996. The contract stipulates that the German side will sell 15 percent of the automobiles in the international market while selling back 100,000 engines and replacement parts worth 50 million marks to the Volkswagen company.

The Changchun No.1 Motor Vehicle Works, situated in Changchun City in northeast China, is a large automobile manufacturing enterprise set up

The *Golf* car the German Volkswagen Co. produced in tandem with China.

PAN YAOWU





in the 1950s. Three years ago, it imported *Audi* technology from the Volkswagen Co. and started a pilot project for manufacturing 300,000 cars. The pilot plant began operation last April. The automobile is currently the highest-grade domestically-made car in China and more than 5,000 have entered the market.

Dr. Karl Hahn, chairman of the board of the Volkswagen Co. of Germany, emphasized that the co-operation between the two sides would prove that it is quite possible to manufacture automobiles up to the world's best standard in China.

The current negotiations for co-operatively manufacturing the *Citroen* by the Wuhan No.2 Motor Vehicle Works and France are proceeding smoothly.

by Li Ming

## New Measures for Imported Medicine

A spokesman for the Ministry of Public Health announced recently that the new Measures for the Administration of Import Medicine will be put into effect on January 1, 1991.

The spokesman noted that the new measures are the supportive laws and regulations of the Law for Administration of Medicine, and also the basis for getting imported pharmaceuticals effectively administered.

With seven chapters and 30 articles, the measures have clear provisions on the registration of medicines, quality standards, examination, compensation and punishment.

Since China implemented the Import Medicine License System in 1987, pharmaceutical businesses from 36 countries and regions have reported to China on more than 2,000 med-

icinal materials. About 400 varieties of medicine have been approved by China's Expert Examination Committee and 1,143 licenses offered. According to statistics from the Medicinal Examination Institutes in all parts of the country over the past three years, imported pharmaceuticals represents between 4.2 percent and 7 percent of the country's total medicine sales annually.

China has 13 medicine examination institutes located at ports throughout China. By September of this year, some 1,717 out of 42,000 batches of import medicine inspected had been found to be below acceptable standards, with a value of US\$31 million. ■

## Qingdao Leases 11 Pieces of Land

Qingdao, located in the eastern part of the Shandong Peninsula, recently decided to lease out 11 pieces of state-owned land for foreign investment.

An official from the Qingdao Land Administrative Bureau said the 11 pieces of leased land, situated in the eastern, central and southwestern parts of the city, cover a total area of 466 hectares. Each piece has a lease term of 50-60 years except for a designated golf course with a term of 40 years. The piece of land with the longest term of 70 years is 1.67 hectares for the construction of apartment and office buildings.

Six pieces are for industrial use. Under the terms of the lease, they are to be mainly used for industrial enterprises and export processing enterprises which focus on absorbing foreign investment, importing advanced technology and exporting products, for industrial projects which use less water and land

and cause less pollution, and for industrial projects with advanced technology and good economic returns.

The official said that land users can either develop the land by themselves or ask Qingdao City to put into place water, electricity and gas services and level the land in advance.

by Li Ming

## SEL Confident in Chinese Market

The SEL Co. of Germany heightened its confidence in further development of the Chinese market as its production line of optical cable communication terminals imported by the Tianjin Optical & Electrical Communication Corp. was put into operation on November 22.

Von Ludwig, executive director of the board of the company, believes that more and more of their products will enter the Chinese market through successful co-operation between the company and its Tianjin counterpart.

SEL started co-operation with China in 1982. As of now, a considerable number of orders for at least 20 projects were received by the German company, whose products are used in the Datong-Qinhuangdao optical & electrical transmission project, the micro-wave transmission project in Shandong Province, teleprinter production project in Shanghai and the guidance system of Air China.

The most important of the projects is the co-operation with the Tianjin Optical & Electrical Communication Corp. SEL profited 12 million marks in the technical and equipment transfer, and as the production line was put into production, a batch of bulk spare parts which the

company assembled in China would enter the Chinese market.

Von Yudwig said the company's next aim is to enable more products to enter the Chinese market through technical transfer. The company has sent its sales manager to Tianjin to negotiate on the matter of market development.

Von Yudwig has confidence in the prospect of developing Chinese market. "China is a market with great potential in the world, particularly with the rapid development of the post and telecommunication industry and more investment over recent years," he said. "However, China, with such a large population, can not wholly depend on importing products, and this provides us with favourable prospects for future co-operation. At present our co-operation is mainly in the field of optical and electrical transmission systems and will further expand to other fields."

Von Yudwig said on September 18 this year that the company has signed a letter of intent with the Tianjin Optical & Electrical Communication Corp. to set up a co-operative enterprise. With a total investment of US\$15-20 million, the enterprise, in addition to further expanding the production of optical and electrical transmission terminals, will add more investment and manufacture equipment for micro-wave communication and rural telephone networks. This indicates that more and more spare parts and products of the SEL company will enter the Chinese market.

by Yao Jianguo

## News in Brief

- A new business agency of the Philips China Hong Kong Group, located in the Jinmao Building in downtown Nanjing,

Jiangsu Province, began operation on November 9. The agency set up a new display room to show various products of the Philips China Hong Kong Group and its co-operative enterprises.

Seelen Cees J., president of the Philips China Hong Kong Group, said at the opening ceremony that the group expanded its facilities in Nanjing and the surrounding areas mainly for important strategic reasons. Prior to this, the group set up agencies in Beijing and Shanghai.

- The Maanshan Harbour in Anhui Province was recently listed as a first-class state port. As of now, inspection organizations have been established and foreign trade transportation business opened.

Maanshan Harbour is one of the ten largest harbours on the Changjiang (Yangtze) River with a total port line of 11 km. It now has 14 berths with a cargo-yard area of 250,000 square metres. The expansion project of the harbour will start in 1991; it includes the establishment of two 2,000-ton berths, and the expansion of three 3,000-ton berths, one 5,000-ton and one 2,000-ton bulk cargo berth. The handling capacity of the harbour is expected to reach 15 million tons by the year 1995. Stylish slippers manufactured by the Wenzhou Associated Daily-Use Arts and Crafts Plant in Zhejiang Province are hot sale items in the American market. During the first nine months of this year, the export volume reached 5 million yuan in value and is expected to reach 7 million yuan for the whole year.

Wenzhou, listed among the 14 coastal open cities, has a long history of shoe manufacturing and is called "China's shoe city." In the Luchen District alone,

there are 1,253 shoe-manufacturing enterprises with daily output of 50,000 pairs of shoes, netting an annual profit of 400 million yuan. The area has set up two co-operative shoe-manufacturing enterprises with Brazil and Hong Kong. Last August, it signed a letter of intent on leather shoe manufacturing with a company from the United States.

Chen Congchun, deputy head of the district, said besides establishing co-operative enterprises, the district is ready to process for foreign businessmen with supplied materials, designs or samples.

The Beijing International Radio & TV Broadcasting Equipment Exhibition '91 will be held at the China World Trade Centre from September 6-10 1991.

The exhibition, sponsored by the China Central TV Station and the China Electronics Research Institute, will display TV broadcasting and transmission systems, ground satellite station and radar communication equipment, as well as applied computer technology in TV broadcasting.

- A new computer system, which allows foreigners to learn and use Chinese, has recently been developed jointly by the Academy of Electricity and Power under the Ministry of Energy Resources and the Information Processing and Research Institute of the Beijing Foreign Languages Institute.

This system, called PTS, has a memory bank containing 20,000 English words and terms. It can translate English words and terms into Chinese. The United States, Germany, Japan, Canada, Singapore and New Zealand have expressed interest in obtaining this computer system. ■

## A New Biological Theory on Screen

A 28-minute film, produced by the Shanghai Science Film Studio, successfully introduced on screen a new theory set forth by Chinese biologists.

Professor Zhang Yingqing of Shandong Province argued that every part of an organism contains the information of the whole organism and is capable of growing into a new organism. Embryo Containing the Information of the Whole Organism (ECIWO) has been discovered to be the unifying structure and functional unit within the organism. This aroused great interest at home and abroad.

There are many examples in ordinary life which reveal the phenomenon of ECIWO. In the film, we see fertilized eggs grow into chickens; earthworms grow into separate ones after being cut apart; zebras consistently have 11 main dark strips on their bodies; and peacock's body feathers duplicate the tail feather colour.

A section cut off a plant can grow into a completely new plant in a culture medium, as do cactus, stalks of Chinese flowering crabapples, fallen leaves of spotted stonecrops, stems or roots of ginger, cannas and potatoes. Pines are composed of ECIWO at various levels: from trunk to main branches, sub-branches, small branches, bunches of needles and finally to needle cells.

Naturally, the most interesting part of the film is about the human body. According to the theory, human joints, limbs and organs are ECIWO at various levels. The film shows that man's ear is similar in form to the human embryo at an early stage of development

and that the locations from which certain limbs and organs will grow have their corresponding acupuncture points on the ear. The fact that man's hand and foot have five fingers and toes, is another indicator of the property of ECIWO.

The film illustrates further applications of the new theory. *Ginseng* stalks, leaves, flowers and fruit have the same nourishing elements as the roots. Palaeontologists are able to know the entire organism by analyzing incomplete fossils. The theory can also be applied to seed selection to increase agricultural output. ECIWO also provides traditional acupuncture with a theoretical base in modern medicine.

This convincing film won an honourable prize last year, at the Shanghai International Science Film Festival from among 100 films from 24 countries. It was also awarded a grand prize at an international symposium on holographic biology held early this year in Singapore.

The production team of this film was named one of China's best. Critics argued that the film was praiseworthy because of its disciplined structure and tremendous information. Many audiences felt the film was interesting and easy to understand. At Shandong University, the birth place of the theory, 800 people watched the film in a 500-seat hall. The film has been nominated as best science film for this year's "Golden Rooster," the highest film award in China.

Han Wei, 63, the main contributor, was the screenwriter and director. His science film career spans 38 years. The success of his latest work in-

creased the public interest in Han's creative career. As a result, the Shanghai Science Film Studio and the Shanghai Municipal Film Association jointly held an academic seminar about his films, the first of its kind in China. Sixty participants watched Han's previous and recent works, such as *Ting Golden Wasps and Pink Bollworms* (1962), which showed a new method of preventing cotton insect pests; *Frogs* (1977), a film about these farmland guards and measures to protect them because of the erroneous views held by many people; *The Crustal Movement* (1979), a film which illustrates the theory of geomechanics put forth by Li Siguang, the famous Chinese geologist, and its application to oil field exploration such as Daqing; and *Dust Mites and Asthma* (1985), a film which deals with the prevention of this common disease caused by insects smaller than the tip of a hair.

Han was highly praised at the seminar for using various film techniques to expose the mysteries of nature and analyse scientific theories. His films were regarded as unique because of their rigorous, clear and well-informed documentation. ■

## A Base for Science Films

Shanghai Science Film Studio, the largest of its kind in China, has shot 1,800 films since its establishment in 1953. This studio, in addition to its complete technical equipment, has rich resources of excellent editors, directors, photographers, art

designers as well as those in charge of sound, special effects, animation, montage and lighting.

This factory, with a payroll of 550, is capable of sending 30 production teams to shoot different films all at once across the country, even abroad. Its annual output is about 70 films totalling 1,500 minutes, one third of the national total.

In recent years, in addition to introducing new achievements in science and technology and popularizing scientific knowledge, this studio has chosen such varied subjects as human health, longevity, crafts, culture, geography and other special interests. The list of distinguished film titles includes *Coronary Heart Disease*, *the Secret of Gallstones*, *Laser Medicine*, *Prevent Premature Aging*; *Tujia Nationality's Brocade*, *Dough Modelling*, *Wax Printing*, *Paper Cutting*, *Traditional Civil House*, *Master Painter Liu Haisu: His Life and Art* and *Chime Bells in No.2 Zenghou Tombs*; *China's Glacier*, *Tibet—Tibet*, *Icy Antarctic*, *Panda*, *Legend of David's Deer* and *Family Cooking*; and *Only China Has*, a tourist series.

The film studio has won 50 prizes in international film festivals. More than 70 films, dubbed in English, French, Japanese, German, Russian, Spanish and Portuguese, have been shown in 100 countries. The films are of interest to both foreign experts and common consumers.

As well, the Shanghai Science Film Studio has expanded co-operation with its counterparts in Germany, the United States, Canada, Singapore and Hong Kong. ■

## Disabled Able in Arts

The curtain raised and two one-legged actors appeared on the stage. The audience were all surprised because the two disabled would perform *The Eagle Dance*. However the two leaped, made difficult movements and even made somersaults on the stage, portraying the unyielding spirit of the eagles. Loud applause broke out at the end of the dance. A woman from Indiana wheeled her disabled husband to the front and shouted, "Marvel! Marvel!".

The above scene was one of the exciting moments at a special performance by the China Disabled Artistic Troupe celebrating the ending of the 9th Asia Pacific Regional Conference of Rehabilitation International.

In recent years, Chinese disabled people have made remarkable development and achievements in arts. So far over thirty local amateur artistic troupes of the disabled and 593 artistic centres for

disabled have been set up throughout the country. The disabled have recreational centres of their own and they have more opportunities to show their artistic talents on stage. In 1987 and 1989 China held two nationwide theatrical festivals of the disabled. Speaking of the second festival alone, there were more than 1,000 disabled artists who presented over 600 programmes of high artistic level. Some good programmes chosen from these two festivals were also performed at the first and second China Art Festival.

The China Artistic Troupe of the Disabled were formed by best performers selected from the two art festivals mentioned above. Since it was founded in 1987, the troupe has given 50 performances in China and many foreign countries and regions such as the United States, Japan, the Soviet Union, Yugoslavia, Czechoslovakia and Hong Kong. All the audience

Section congratulates the disabled artists.



were greatly impressed by their songs, dances and other forms of performances.

However, behind their excellent stage performance there were sweat and blood in their practice and they have to spend more effort and energy than ordinary people to prepare a performance. Sui Jishu and Chen Yiqian both lost one leg in a car accident. However, they did not surrender to life misfortunes. With the help of walking sticks, they plighted themselves into the pursuit of life. They liked playing table tennis and singing. Sui and Chen came to know each other and became good friends at a table tennis competition, and later were chosen by a choreographer to perform the Eagle Dance. After great difficulties they finally mastered the highly difficult dance. Now the dance be-

came one of the best programmes of the China Artistic Troupe of the Disabled.

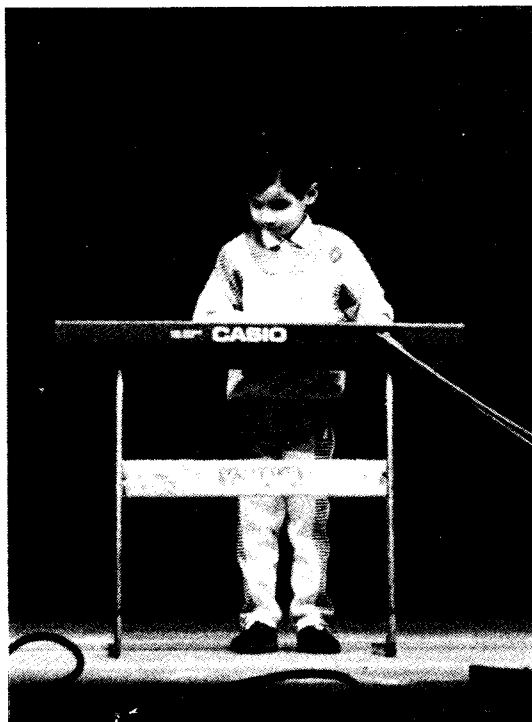
Jin Yuanhui, a six-year-old blind boy, showed his musical talent by successfully presenting the world classic Radetzky March and other difficult musical pieces on his electric organ. When Jin was 3 years old he could play some simple children's songs at a toy piano. At 5, Jin went to a children electric organ training class in Qingdao and made rapid progress in playing technique. His tutor praised him "having a surprising musical sensitivity." The tutor read him the notes of new musical pieces and he was always the first one in the class to remember them. By now he can skillfully play over 100 musical pieces and playing organ became the most attractive pleasure in the life of the child.

Zhang Lihua from Mudanjiang, Heilongjiang Province, though wheeled, is the No.1 popular singer in the city. She has a happy family life and her husband often wheels her to musical halls to perform. Her husband's love inspired her and there is always a deep emotion in her songs. She had been to the United States to give performance. This time she sang a song entitled *The Same Horizon* which deeply moved the disabled and the people who worked in this field. At the end of the performance, Mr Secton, chairman of Rehabilitation International, shook hands with her and said, "Your song is moving. You and your colleagues all have outstanding artistic talents. I wish you more success in the future."

by Cheng Gang

Jin Yuanhui, a six-year old blind organist; Zhang Lihua sings a song.

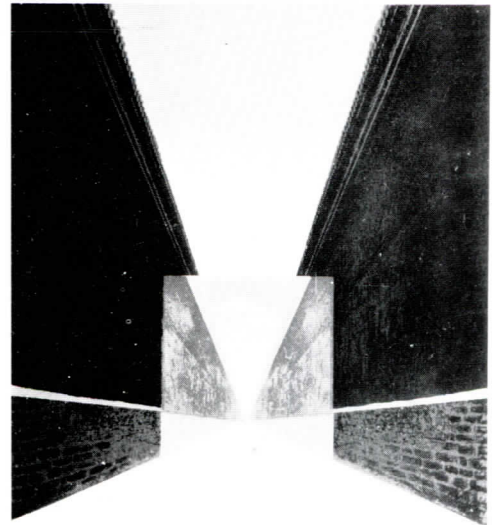
Photos by Chen Zonglie







An Old-Style House.



Palace Wall.

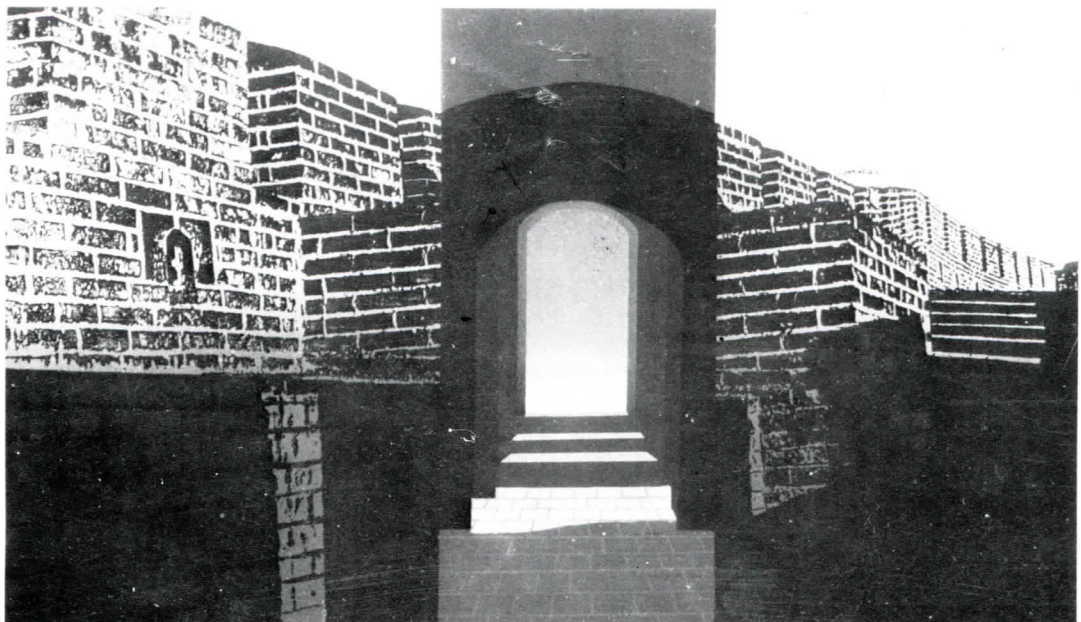
## ART PAGE

### Silk Screen Engravings by Zhang Guilin

Zhang Guilin, born in Beijing in 1951, now teaches at the Central Academy of Fine Arts. Specializing in silk screen prints, he likes to portray China's ancient architecture and landscapes in his engravings.



A Giant Bell.



The Great Wall.



# BEIJING REVIEW

## A Window on China



Beijing Review, China's only weekly foreign language current affairs magazine, was first launched in English in March 1958. It is now available in English, French, Spanish, German and Japanese. As well as the regular English edition, a North American edition is printed and distributed in the USA.

In January 1988, Chinafrique, a monthly in French, was published by Beijing Review for distribution in African countries.

The six editions are essentially similar in content but vary to cater for the readership in different regions of the world. The magazine aims to

- provide information on political, economic, cultural and social developments and trends in China;
- offer insight into the theories, lines, principles and policies of the Chinese Communist Party;
- acquaint readers with Chinese views on major international issues.

Beijing Review is an important source of information for overseas government officials, experts, scholars and business people interested in recent developments in China. It is often quoted by foreign media and is used by professors as a source of reference for students of overseas universities.

The back cover of Beijing Review carries colour advertisements.

Beijing Review is airmailed to over 150 countries and regions. It is distributed by the China International Book Trading Corporation (Guoji Shudian), P.O. Box 399, Beijing, China.