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BEIJING REVIEW

IS BEIJING READY?

Mayor Wang Qishan takes charge of the Olympic flag as the countdown to the 2008 Games begins

Russia's Own Twin Plane Tragedies

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Lessons From Athens

By LI JIANGUO

After the 28th Olympic Games ended in Athens on August 29, the five-ring Olympic flag was passed on to Beijing, the city to host the 29th Olympiad in just four short years. Now, Beijing has become a focus of the world.

In the Athens Games, China achieved a historical breakthrough to rank second on the gold medal tally (behind the United States), as well as bleeding young athletes. Meanwhile, Athens has also provided Beijing with many valuable experiences regarding holding a successful Olympic Games.

What struck me most was Athens' thriftiness in holding the games. There was no welcoming ceremony and no flashy electronic equipment. Most of the events were held in existing facilities. Gone are the days of holding politically motivated demonstrations of national strength through excessive spending on the games.

Beijing has started to work out an economical approach to its 2008 Olympics. The scale of the main venue, the National Stadium, as well as other stadiums and gymnasiums are being toned down to decrease cost.

The Olympics can be seen as a way for a nation to exhibit to the world its economic and technological might through extravagance. However, exercising frugality as an Olympic host could not only widen its profit margins, but also is consistent with the country's pursuit of a scientific approach to achieve development that places emphasis on people's benefits.

Another thing Beijing should learn from Athens has to do with "software" construction. The "hardware" facilities of the Athens Games are not particularly outstanding, but the whole event is nevertheless satisfying. This is mainly because the city gave priority to quality personnel and services.

The "cordial volunteers" and "high-quality spectators" in the Athens Games were recruited throughout the world. Their smiles and language proficiency left a great impression. Because of its strong financial resources, Beijing can easily outdo Athens in terms of "hardware." However, ideas like a "Green Olympics," "Hi-tech Olympics" and "People's Olympics," which Beijing has proposed for the 2008 Games, indicates that providing a pleasant, convenient environment is at the heart of the organizer's plan.

The attitude and manners of Beijingers are key to achieve the "People's Olympics."

Meanwhile, environment is another important area. This consists of several factors, including the confusing "Chinglish" signs in public places (see cover story p.18). It is necessary to improve in this regard before the Beijing Olympics start or they will undermine the goal of having a successful meeting of the Olympic family. ■

Have a comment, complaint or question? *Beijing Review* welcomes your feedback.

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Hurdling Into History

Liu Xiang had the entire Chinese population holding their breath for 12.91 seconds on August 27 as he lined up for the race of his life. The 21-year-old Shanghai native claimed the 110-meter hurdles gold medal in the Athens Olympics and instantly became China's new track idol.

Liu led from the gun and streaked to victory, breaking the Olympic record of 12.96 seconds and equaling an 11-year-old world record in the process.

Although China has collected over 100 Olympic gold medals since its first in 1984, none of those medals was from a male track and field event. High jumper Zhu Jianhua, who was the world record holder at the time, won a bronze in the 1984 Los Angeles Games, the best result of Chinese men in

track and field before Liu Xiang's blazing performance. Liu's victory is also good for Asia, as no Asian has ever become an Olympic champion in a short-distance track event.

At a post-race press conference, Liu said, "I hope the result today will change people's view that a member of the Asian race, in terms of the hurdles and sprints, lags behind the Europeans or Americans. I will demonstrate to the world that they must take notice of me and Asia."

Talking about the future, Liu Xiang said, "I still have higher goals to complete. One is to break the world record and the other is to defend my title at the 2008 Beijing Olympic Games."

Liu's given name Xiang means flying in Chinese. All Liu's fans look forward to him living up to his name and flying over the hurdles to victory in 2008.

"Liu is a hero, the pride of all of China."

Luo Chaoyi

*Director of the Athletics Administration
under the General Administration of Sport*

"He [Liu Xiang] got out really fast and I was really impressed with the way he took the race on. It was a phenomenal performance here at the Olympic Games. I am chuffed. Good job."

Colin Jackson

*Former 110-meter hurdles world champion
and world record holder*

"Liu Xiang showed his best and overcame his poor start. He has always been fast in the latter part of the race and but not so good at the starts."

Sun Haiping

Liu Xiang's coach

"Liu Xiang performed a miracle in winning this gold medal."

Duan Shijie

*Deputy chief de mission of the Chinese
sports delegation to Athens*

EASTWARD HO!

A series of recently published articles in *Beijing Review* (“Westward HO!”, No.25, June 24; “UK Uni Breaks New Ground” and “Bringing Nottingham to Ningbo,” both No.26, July 1; and “Private Universities Gain Favor,” No.28, July 15) essentially deal with the continued influx and establishment of foreign (“Western”) educational institutions in China and their perceived strategic function as the *primus inter pares* in an attempt to reform the *modus operandi* of the presently existing system of higher education.

In defense of the contemporary Chinese system of higher education, it should be stated that it has developed from a rather heterogeneous mosaic of specific political, historical, demographic, mainly transitional economic (state to market economy) developments and deeply ingrained cultural traditions (over 5,000 years of continuous civilization).

These foundations are fundamentally different in most respects from the “Western” educational systems, pedagogy and philosophies, which have been characterized by a comparatively homogeneous, organic growth and development.

Unquestionably, it is to be expected that the infusion of “Western” educational ideas, especially at the university level, will make a major and valuable contribution to the internationalization and thus, by implication, modernization of the Chinese system of higher education.

The argument used, however, requires some fundamental caveats.

It remains to be seen, for example, whether or not the infusion of Western institutions will in the long run be sufficiently adaptive and creative in order to lead to the predicted metamorphosis of Chinese higher education. It is equally questionable whether or not their perceived academic reputation will constitute the conditions required to successfully reform the state-operated or public school system of higher education.

There would appear to occasionally exist, even though not intentionally, a slight undertone of what might be referred to as academic elitism and condescendence, and the “Western Magic” seems to be all pervasive.

The argument has been made that, at the present time, not even one Chinese university ranks amongst the top 200 or even 300 world-ranked schools. But the important question to be asked is: What exactly are the criteria used in defining a world-class university? Who sets the standards? Again it would appear that, historically speaking, Western academic traditions and standards have held a decisive monopoly.

If, for example, the number of scientific publications is a fundamental criterion, then Chinese academics would be at a definite disadvantage since most of their research results have been written and pub-

lished in the Chinese language. And, as was mentioned correctly in one of the articles, how many Western academics are able to read Chinese?

Additionally, as with any translations, Chinese academic research papers experience many problems, such as misinterpretations, when translated into English, largely due to the peculiarities inherent in the Chinese language and thinking process. Besides, as we are all aware, the quality of translations can vary considerably.

Another claim made by the Western schools established in China is that they place major emphasis on the practicality component of their teaching methodology and curricula. In other words, they train students in accordance with job market demands and thus fulfill an important socioeconomic function. But the basic question to be asked is: How stable and predictable is the long-range employment supply and demand situation, given the often extremely erratic fluctuations of both the national and world market economies and thus employment opportunities?

It is equally unjustified to claim that Chinese university education exclusively emphasizes theoretical knowledge (book knowledge) at the expense and neglect of practical training and schooling.

For example, the University of Petroleum of East China has introduced an integrated, cooperative petroleum engineering curriculum. The city of Dongying and the university campus are surrounded by the Shengli Oilfield, one of the largest in China. Engineering students will complete practical field sessions for hands-on training in the oilfield as an integral part of their curriculum. Additionally, the students exchange information on an ongoing, cooperative basis with the various national as well as international business enterprises engaged in the operation of the oilfield.

Some of the occupational categorization used appears to be slightly confusing. For example, in most Western school systems the traditional distinction between non-academic (vocational, technical) and academic (university) training and education is still prevalent. Accordingly the term professional refers to job categories, which require university graduation, such as lawyers, medical doctors, engineers, etc., and is not normally used in connection with the various trade and labor related occupations. Along the same line of reasoning, what exactly is a gray collar worker as distinct from a white or blue collar one?

One can only hope that the attempt to hybridize the Western and Chinese ways of educational thought and philosophies will eventually lead to the intended modernization of the contemporary Chinese system of higher education. Only time will tell.

Franz Hegmann
Qingdao, Shandong Province
China

CHINESE COLORS



GONG YONG

August 29, Chinese musicians perform at the closure of the 28th Athens Olympic Games.

During the 28th Olympiad, China bagged 32 golds, 17 silvers and 14 bronzes, a medal record in the country's Olympic history. More importantly, Chinese athletes made tremendous progress in track and field, tennis, wrestling and boxing. The country was also delighted to see its rising competitiveness in other events like swimming and hockey.

"Though China is in second place on the gold tally, we are not a sports superpower," said Yuan Weimin, chief de mission of the Chinese sports delegation.

"We are still comparatively weak in track and field and swimming, two premier sports at the Olympic Games," he added. "Hopefully, we can narrow the gap in 2008."

POLITICS

Law Amendment The Standing Committee of the National People's Congress (NPC), China's top legislature, passed a law banning the buying or selling of blood on August 28, with the aim to prevent the spread of AIDS.

The revised Law on the Prevention and Control of Infectious Diseases stipulates that governments at various levels should "strengthen prevention and control" of AIDS and take measures to prevent the spread of the disease. This is the first time that AIDS has been specifically targeted in Chinese law.

The law also requires the government to earmark funds for infectious disease prevention and makes it illegal to discriminate against victims of infectious diseases.

Two revised laws and 10 amendments to laws were passed at the 11th Session of the NPC Standing Committee that ended on August 28.

World Forum The 28th International Social Security Association General Assembly, recognized as the most important worldwide social security forum, will be held in Beijing on September 12-18.

"Some 1,500 participants have registered for the meeting, of whom 1,300 are foreign delegates, including

nearly 50 ministerial-level delegates." Hu Xiaoyi, Secretary General of the meeting's China National Organizing Committee, announced on August 30.

With "Social Security: Securing Social Justice" as the theme, the meeting will discuss a wide range of issues, including the most recent trends of social security, social protection of migrant workers and their families, and investment of social security funds, said Hu.

Research Satellite China launched its 19th recoverable experimental satellite into a preset orbit on August 29 from the Jiuquan Satellite Launch Center in the northwestern province of Gansu.

The satellite's main function is scientific space research, land surveying, mapping among other scientific experiments, said Launch Center officials.

The satellite is to remain in orbit for a few days before returning to Earth.

Youth Festival The First China-Africa Youth Festival concluded on August 30 in Guangzhou, capital of Guangdong Province.

"We are willing to take the festival as an opportunity to continuously open up a vast world for the mutual learning and cooperation between Chinese and African



TAO MING

MACAO CHIEF REELECTED August 29, Edmund Ho Hau-wah (right), current Chief Executive of Macao Special Administrative Region, receives congratulations from members of the Macao Election Committee after he is overwhelmingly reelected. Premier Wen Jiabao of the State Council signed a decree on Ho's reappointment on September 1.

youth," said Hu Wei, member of the Secretariat of the Central Committee of the Communist Youth League of China.

The festival, held from August 23 to 30, is a cultural exchange activity that will help the futures of both Africa and China, according to Egyptian delegate Ayman Shawky, expressing hope that China would provide full support to Egypt, which is to host the annual event next year.

Environmental Study The Chinese National Committee for the International Human Dimensions Program (IHDP) on Global Environmental Change was formally established on August 30. The new scientific organization will

link Chinese scientists and the international science community in their studies of how human activities and environmental changes affect each other. IHDP is an international, interdisciplinary and non-governmental research program that was launched in 1990.

China hopes to use the group to advance its domestic research, as well as have it function as a forum to formulate national and regional sustainable development strategies. The committee will also participate in developing major national and international cooperation projects and help to raise public awareness of environmental protection. ■



PRIORITY FOR CHILDREN August 30, Executive Director of the United Nations Children Fund (UNICEF), Bellamy, presents textbooks to children in Tibet. Until now UNICEF has offered \$300 million in free aid to China and established more than 150 programs.

FREE TRAINING August 30, trainees massage mannequin heads during a free training class in a reemployment service center in Xi'an, Shaanxi Province. Since the first training in October 2002, the center has launched 33 courses, training 3,000 jobless people.



ECONOMY

Flotation Suspension

China will temporarily suspend initial public offerings (IPOs) until it formulates new rules to price IPOs, securities regulator announced.

The China Securities Regulatory Commission released a draft of the new IPO pricing regulations on August 30. According to the draft, companies launching IPOs will have to make inquiries regarding share prices among institutional investors like fund managers, qualified foreign institutional investors and securities firms.

Stock issuers and sponsors should also provide relevant reports on the evaluation of the prices to these institutions.

The final IPO price ranges will be decided on the basis of the inquiries.

Bullet Train Chinese train manufacturer Nanche Sifang Locomotive and six Japanese companies have won the bid for China's new bullet train.

The \$12-billion project sponsored by the Ministry of Railways aims to double the speed of trains on five existing railway lines, stretching 2,000 km altogether, to 200 km per hour.

The six Japanese companies are expected to offer a

modified version of a Japanese Shinkansen bullet train, which can run at a top speed of 275 km per hour.

The project marks the first large-scale transfer of Japan's Shinkansen technology to China.

Fund Staying Put The National Council for Social Security Fund is unlikely to invest overseas this year, sources with the council revealed.

The State Council has approved in principle for the 140-billion-yuan (about \$17 billion) fund to invest abroad, but policy makers have yet to issue detailed rules for such investments.

Zhan Yuyin, Director of the council's Investment Department, said that with only four months left this year, there is not enough time to begin investing abroad. He added that Hong Kong is an important target under study.

Market Status Chinese furniture makers are seeking status as a market-oriented industry (MOI) in anti-dumping cases initiated by the United States. Jia Qingwen, Director of the China National Furniture Association, said the industry was asking for relevant U.S. departments for the recognition as of August 31.

Jia said that Jim Jochum,



TRADE TIES August 31, Liu Jingmin, Vice Mayor of Beijing, is surrounded by reporters after a press conference before the Eighth Beijing-Hong Kong Economic Cooperation Symposium in the Hong Kong Convention and Exhibition Center. Olympics related business opportunities are a principal topic for discussion at the symposium, held on September 2-3 in Hong Kong.

Assistant Secretary of the U.S. Commerce for Import Administration who visited China in July, had promised to give an early response.

China is requesting market economy status with the United States, regarding which the two countries have set up a study group.

Natural Gas Found Tainan Gas Field, a part of Qinghai Oilfield, has reported a find of an additional 52.63 billion cubic meters of natural gas, bringing total reserves in the Qaidam area in Qinghai Province to 303.9 billion cubic meters.

As one of the three major

gas fields of Qinghai Oilfield, the Tainan gas field has an area of 35.9 square km.

Cosmetics Exports

Shanghai exported about \$2 million in daily cosmetics in the first seven months of this year.

The total cosmetics export for the period reached approximately 3,380 tons, up 23.2 percent from the same period in 2003. The value of exported cosmetics amounted to \$33.5 million, an increase of 10 percent, according to the Shanghai Municipal Administration of Entry-Exit Inspection and Quarantine.



SING US A SONG! On the evening of August 30, Guizhou University students sing at an art festival in Guiyang, Guizhou. Students from 12 universities in west China participated in the arts event.



FRANK TALKS Over 70 economic experts and scholars from China and the United States attend the China Reform Forum-RAND Seventh Annual Conference in Beijing on August 30-31 and exchanged views on China's peaceful rise and Sino-U.S. relations. The mechanism was initiated in 1998 and has become a key channel of academic exchanges between the two countries.



WOEFUL WEEK September 1, a TV still taken from Russia's NTV channel shows Russian special forces taking position during an operation in North Ossetia. About 20 gunmen took about 400 hostages, including 200 children, at a school in the southern Russian republic, which is near Chechnya. This was the third serious terrorist incident in the country in

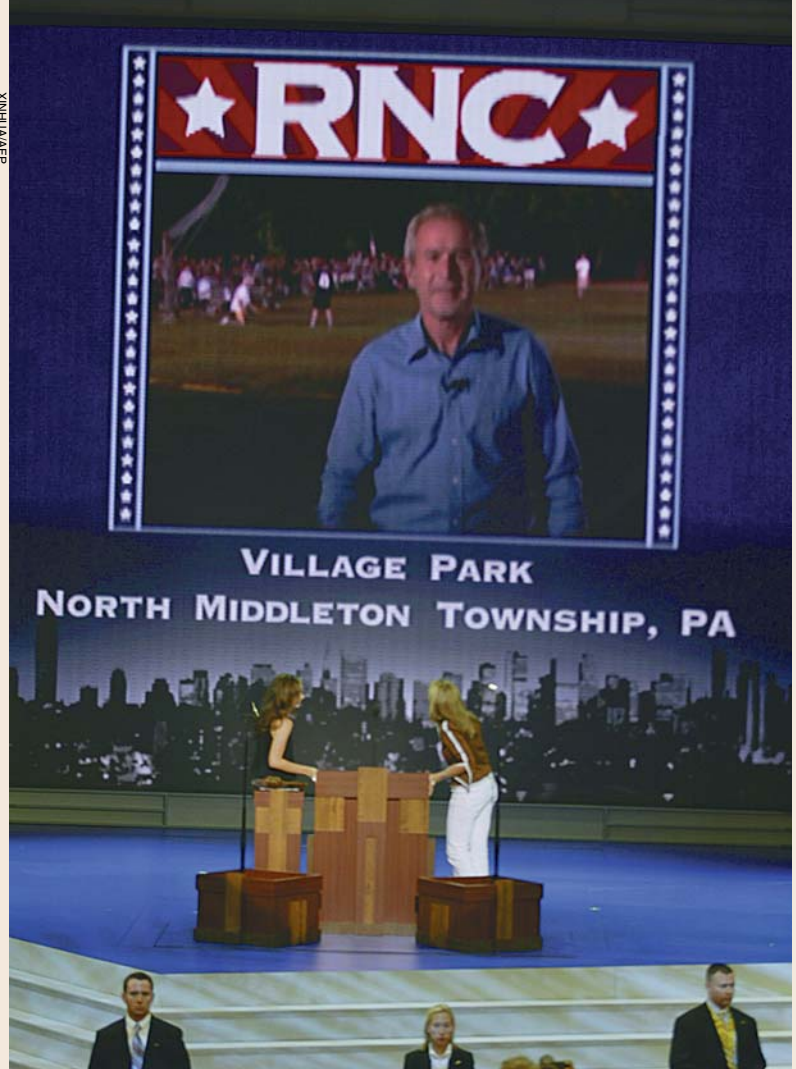


ISRAEL BOMBED August 31, Israeli rescue teams and Zaka emergency services volunteers (in yellow vests and caps) work at the scene of a twin suicide bombing attack on two buses in Beersheva. At least 16 people were killed. This was the first suicide bombings in Israel in the last five months. An anonymous spokesman for the radical Palestinian

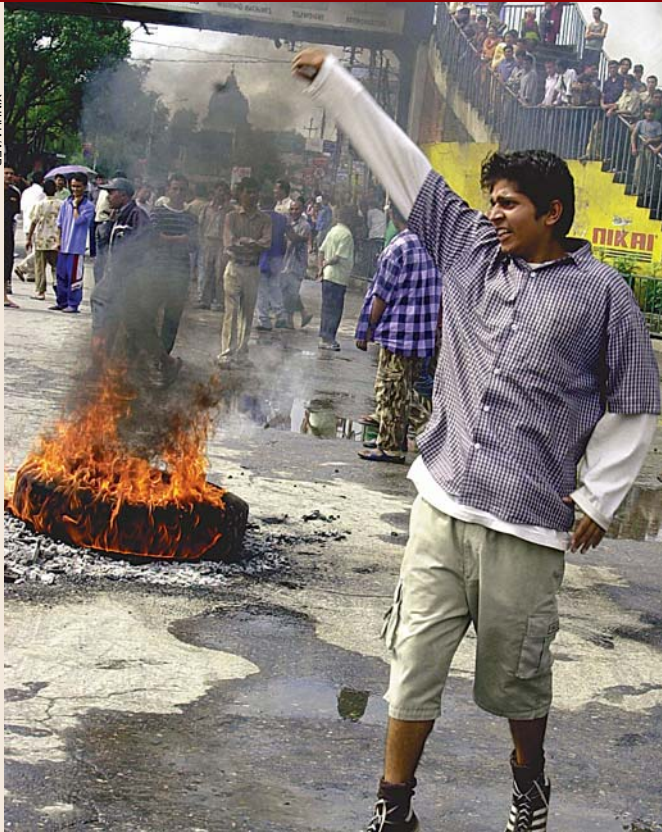


MISSILE LAUNCH Indian soldiers stand at attention next to an Agni-II long-range missile during a parade, in New Delhi. India test-fired a variant of its homegrown nuclear-capable Agni ballistic missile from a mobile launcher on Wheeler Island, off the eastern state of Orissa on August 29, according to an Indian defense official. The surface-to-surface Agni-II has a maximum strike range of 2,500 km, which is considered intermediate.

LEADERS IN RUSSIA August 31, French President Jacques Chirac (left), German Chancellor Gerhard Schroeder (right) and Russian President Vladimir Putin talk during a meeting in Sochi, south Russia. The leaders met in the resort town for informal talks on Iraq and other issues.



BUSH RENOMINATED August 31, U.S. President George W. Bush is shown on a large screen behind his daughters, Jenna (right) and Barbara, as they address the delegates at the Republican National Convention at Madison Square Garden in New York. Bush accepted his renomination for a second term in office in front of 50,000 Republican delegates, guests and journalists.



NEPAL IN RAGE September 1, a protester shouts slogans as he stands beside a burning tire during a demonstration in Kathmandu, capital of Nepal, to protest the killing of 12 Nepalese hostages in Iraq.



MAN OF COURAGE August 29, Alu Alkhanov (Center) casts his ballot at a polling station for Chechen presidential elections in Tsentoroy Village. The Chechen Elections Commission officially declared Alkhanov the winner on September 1, who won 372,687, or 73.67 percent, of the votes.



SADR MEDIATES Iraqi Shiite cleric Moqtada al-Sadr speaks during a Friday sermon at mosque in Kufa. Sadr announced on August 30 that his movement was disarming to join the political mainstream. The 31-year-old cleric, for many Iraqis the symbol of resistance to foreign occupation, made the announcement three days after a deal ending the weeks-long confrontation between U.S. troops and his Mahdi Army in the holy city of Najaf.



HAPPY NOTTING HILL August 29, children participate in a costume parade during the 40th Notting Hill Carnival in London. About 1 million revellers were attracted to the gala, Europe's largest, which usually is held annually and lasts for two days. This year, its theme was "Freedom and Justice."



DIAMOND HELLO KITTY August 31, the world's most expensive Hello Kitty doll, priced at 10 million yen (\$91,900), is displayed at Mitsukoshi Department Store as part of a celebration to mark Hello Kitty's 30th birthday in Tokyo. The doll is made of platinum, 41 mm tall and weighs 75 grams. It wears a cloak studded with 205 pieces 4.1 ct diamond and a mace with 0.753 ct pink colored diamond.



LU MINGXIANG

LESS FRICTION: April 21, Chinese Vice Premier Wu Yi (left) talks to U.S. Secretary of Commerce Donald L. Evans (second right) at

Cooperation Needed

China and the United States have complementary economies, overshadowed by trade friction

By **FU MINGZI**

By setting up the world's first "new economy," the United States assumed a leading position in a variety of industries and experienced rapid growth in the past decade. The rise of the American economy can be compared to that of China. The American economy expanded from \$2.2 trillion in 1979 to \$11 trillion in 2003, while that of the Chinese economy rose from \$200 billion to \$1.2 trillion correspondingly. The growth rate of the Chinese economy in the same period is two-three times that of the United States, but the economic aggregate of both nations increased by almost five times. In this sense both economies were expanding simultaneously, vigorously boosting the world economy and Sino-U.S. bilateral economic and trade relations.

Downward Trend

The American economy slowed after the Bush administration came into power.

The author is director of the Institute for American Studies, China Institutes of Contemporary International Relations

It is a necessary periodical readjustment after long-term growth, as well as a result of the given internal and external environments after the 9.11 terrorist attacks. The attacks forced Washington to list anti-terrorism as its top priority, reversing the declining trend of its defense budget after the Cold War. The expenditures on homeland and national defense grew at a large rate. For the sake of homeland security, Washington tightened its border control, directly causing its trade costs with other countries to soar. Against the backdrop of anti-terrorism, believing in the U.S. advantage in overall strength, the Republican government is now focusing more on how to employ American existing strength, than dealing with the country's economic growth. Despite President Bush reshuffling his economic workforce, his administration's macroeconomic situation was still worse than the Clinton administration. Budget deficit and trade deficit rose at the same time. Clinton accumulated \$100 billion of budget surpluses, while Bush will face \$500 billion of budget deficits this year, the severest deterioration after World War II. The trade deficit this year will reach \$500 billion. Meanwhile, Clinton created 20 million job opportunities, while

Bush lost 2 million.

The growth rate of the American economy in the first quarter of 2004 was encouraging, reaching 4.5 percent. But the figure dropped to 3 percent in the second quarter. Although it is still a moderate growth, it is not easy to reach 4 percent of the yearly growth rate previously set by the Federal Reserve. The rocketing oil price, lingering terrorist threats, rise of American interest rate and credit crunch, will all likely slow down American economic growth.

Impact on Sino-U.S. Economic Relations

With implementation of China's reform and opening-up policy, China is now more integrated with the global and regional economy. To a greater extent, China now has realized the importance of common interests with other countries in the world.

The Sino-U.S. trade and economic relations has been developing very rapidly. Since the establishment of diplomatic relations between the two countries in 1979, bilateral trade volume has increased 40-fold. Most of the top 500 U.S. companies have entered Chinese

market and large investment projects from the United States can be seen all over China. The United States has become the biggest investor in China. It is because of the deepening interdependence between the two countries that the slowdown of the American economy will exert direct influences on China's economic development.

This will put greater pressure on the issue of RMB appreciation. Because of the budget and trade deficits, the U.S. dollar becomes increasingly weaker against major currencies around the world, such as euro and Japanese yen, though in the past two years American economic growth was faster than Japan and the European Union. Since it is closely pegged to the U.S. dollar, RMB has benefited unexpectedly from the depreciation of the U.S. dollar. And now, the U.S. budget and trade deficit remains high and continues to grow. It is hard for the U.S. dollar to remain stable or appreciate. The pressure for the RMB to appreciate expands.

On the other hand, China has the need to raise its interest rate in order to curb its economic overheating. However, raising the interest rate will attract overseas capital to China, again bringing greater pressure on the RMB to appreciate. As a result, it will restrict the Chinese Government to practice its macro-control measures. The rise of the U.S. dollar's interest rate, in fact, has brought China greater space for macro-control. However, with the inflationary pressure on the U.S. economy easing, the impetus for the United States to continue raising its dollar interest rate is reduced. This brings additional pressure for RMB appreciation at a time when China's macro-control has not yet realized its goal of soft landing.

Meanwhile, the downward economic trend in the United States also makes Sino-U.S. trade friction worse. With the economic slowdown and high trade deficit of the United States, Sino-U.S. trade disputes will become more frequent. Statistics from the U.S. Department of Commerce show that the country's commodity trade deficit with China rose from \$12.1 billion in May to \$14.2 billion in June, while its deficit with the EU increasing from \$7.9 billion to \$10.6 billion and deficit with Japan from \$5.5 billion to \$6.3 billion during the same period. In recent years, the U.S. deficit with China has been growing rapidly partly because of its continuing

economic recovery. If the U.S. economy slowed down, it is hoped the trade deficit with China would be lowered.

Imbalanced Bilateral Trade

The Sino-U.S. trade imbalance will exist for the foreseeable future, because of the macroeconomic situation in the two countries, export control of the United States against China and a reshuffle of international division of labor.

It is common sense that if a country's domestic savings deposits are larger than investment, it will have trade surplus; and vice versa. China's huge trade surplus is a

results from transfer of trade surplus with the United States from other economies to China.

Trade deficit of the United States with China is not a big problem. However, it may be maneuvered by politicians. The Chinese Government is still seeking to resolve the imbalance in the process of development. China's capability to import from the United States will further grow with China's economic development.

China is in the biggest developing country and the United States is the biggest developed country in the world.



BUSINESS TIES: A U.S. buyer talks with a representative of a Chinese enterprise at an

result of its huge savings deposits at home, while the large U.S. trade deficit is attributable to its low domestic savings deposit rate.

China and the United States have complementary economies, the comparative advantages on the U.S. side are mainly in hi-tech, knowledge-intensive equipment and products, while China's comparative advantages lie in labor-intensive products. The U.S. export control against China represses full play of its comparative advantages, thus leading to trade imbalance between the two countries.

China has a high-quality, low-cost labor force. Developed economies and emerging markets move their factories to China and sell their products through their original channels. Thus, the increase of trade surplus on the Chinese side

They both should fully employ their own comparative advantages. Sino-U.S. economic cooperation is helpful, not only to a sound economic performance of the two countries, but also to stability and development of the world economy. The most serious ongoing problem in Sino-U.S. economic relations is trade friction. The United States should give the matter further thought, easing its export control and bringing bilateral economic and trade relations back to normal. Meanwhile, China should consider using trade surplus with the United States to purchase U.S. treasury bonds, which can balance their international payments, offset the U.S. fiscal deficit, and support and guarantee the international position of the U.S. dollar at a strategic level. ■

Russia's Own Twin Plane Tragedies

Allegations fly over two recent plane bombings. Whoever is responsible, violence is still coming out of war-torn Chechnya

By DING ZHITAO

The September 11 terrorist attacks on the United States in 2001 has not only changed the global political landscape, it has also come to represent the palpable fear of a large civilian attack perpetrated by inconspicuous assailants. The dread is that "September 11," as it were, could happen anywhere around the world, as it did for Spain at a Madrid railway station on March 11, 2004, and, most recently, on August 24 near Moscow.

Two passenger jet liners took off on a black night from Moscow's Domodedovo Airport within 40 minutes of one another. They both headed south, one to Sochi, a popular summer resort near the Black Sea where Russian President Vladimir Putin was spending his vacation, and the other to Volgograd. Neither one would make it. A Tu-134 airplane, crashed 180 km south of the capital. Shortly after, a Tu-154 jet disappeared from radar and crashed too. A total of 89 passengers and crew members lost their lives.

The crashes occurred just five days before a presidential election in the tumultuous southern republic of Chechnya. Laced with too many coincidences to be accidents, the police determined the crashes were politically motivated on August 27.

According to investigators, two women from Chechnya, where local rebels' claims to independence from the Russian Federation after the Soviet Union disintegrated, has led to bloody conflicts since the mid-1990s, allegedly ignited explosives on each of the two airplanes.

The suicide bombers are just two of the dozens of "black widows" who have taken their lives along with others. Thousands of women have lost husbands and family members during the past decade of war between rebel factions and the government troops in Chechnya. Many, convinced they have nothing more to lose, have become violently desperate and recruited in such missions. Russian authorities see them as an increasing threat to national security.

Since the first Chechen war broke out in



NATION IN MOURNING: August 26, a mother holds her baby as she looks at remembering candles in a church in Moscow. Russian President Vladimir Putin declared a day of mourning in remembrance of the 89 people, who were killed in two airplane crashes on August 24

1994, when Russian forces tried to bring the breakaway republic back into its fold by force, the Kremlin has been worried the conflict could undermine social stability across the country. Since he assumed the office in early 2000, President Putin has been keen on resolving the issue for good. The federal government tried to wipe out Chechen military separatists and, at the same time, put manpower and money into local politics and the economy. This included formulating a new constitution, strengthening administration and economic reconstruction. President Putin also decided to "chechenize" the operation, recruiting locals into the security services and promising the republic a degree of economic autonomy. By these means, he hopes to win over moderates and isolate the radicals. After this, the social and economic situation in the region did improve some.

However, the rebel forces, headed by Aslan Maskhadov, have continued to resist the central government through guerilla warfare and terrorist attacks on civilians. These rebels also established connections

with international terrorist organizations, including Al Qaeda, receiving military and financial assistance, as well as recruits from abroad.

Their operations have become more violent recently. Just one day before President Putin visited Chechnya on August 22, rebels launched their fiercest attack in this year, which killed over 90 and left hundreds wounded over a time. In June, Maskhadov threatened to attack Russian targets, explicitly including the use of passenger planes as a potential weapon.

However, Maskhadov denied that he orchestrated the plane crashes. On August 27, a group calling themselves the Islambouli Brigades claimed responsibility for the attacks on a website, saying they were avenging "Russia's slaughtering of Muslims" in Chechnya.

Li Wei, a research fellow with the China Institute of Contemporary International Relations, said that Chechen separatists and international terrorists likely plotted the incidents. Li argued the polit-

Recent Terrorist Attacks on Russia

May 12, 2003 A truck bomb explosion demolishes a government compound in Znamenskoye, Chechnya, killing 54. The Russian Government blamed Saudi-born rebel leader Abu Walid and his followers for the mass-slaying.

The same day, two female suicide bombers attacked then Chechen Administrator Akhmad Kadyrov during a religious ceremony in Iiskhan Yurt. Kadyrov escaped the assassination attempt, but 14 others were killed and 43 wounded. Factional Chechen rebel leader Shamil Basayev claimed responsibility.

August 1, 2003 A suicide truck bomb attack destroys a Russian military hospital in Mozdok, North Ossetia and kills 50. The Russian Government attributed the attack to followers of Chechen rebel leader Shamil Basayev.

December 5, 2003 A suicide bomb attack kills 42 and wounds 150 aboard a Russian commuter train in the southern town of Yessentuki. President Putin said the attack was meant to disrupt legislative elections. Chechen rebel leader Aslan Maskhadov denied any involvement.

December 9, 2003 A female suicide bomber kills herself, five others and wounds 14 outside Moscow's National Hotel.

February 6, 2004 An underground train leaving the Avtozavodskaya metro station is targeted, killing more than 40 and injuring over 130.

May 9, 2004 Chechen President Akhmad Kadyrov, together with six others, is killed in a bomb attack at a crowded stadium in the Chechen capital, Grozny. A total of 53 were injured.

June 21-22, 2004 Militants attack law enforcement organizations in Ingushetia, causing 90 deaths. Among the dead were Ingushetia's acting Interior Minister Abukar Kostoev and his deputy, Zyaudin Kotiev, among other high-ranking officials.

July 25, 2004 A senior officer in a police unit fighting organized crime in Chechnya is killed by a car bomb a year after his son was shot dead in the region.

August 24, 2004 Two Russian passenger planes crash. All 89 people aboard the planes were killed. Two women from Chechnya were suspected to have detonated bombs.

August 31, 2004 A female suicide bomber kills herself, nine people and wounds 51 others when she detonates a bomb outside a subway station in northeast Moscow. ■

ical goal was to deter the Moscow-backed candidate from winning the Chechen presidential election, which was held on August 29.

The Putin administration has decided to face this fierce political challenge head on.

With a tight budget, military expenditures and economic development have been at odds. Kremlin feels a "stick" policy is still the best way to confront terrorism. Therefore, military operations plus political heavy-handedness will continue to be the core of President Putin's Chechnya policy.

After the cold-blooded murder of the passengers aboard the two aircraft, President Putin should see a tide of popular support for a hard-line policy in the region. This will allow for an assertion of presidential authority and vindicate an increase in military expenditures in the name of national security. But the Chechen economy, which severely lacks investment, cannot be ignored.

President Putin also will have to work out a way to cooperate with the West. Such violence could very well be construed as indicating a need for cooperation among powers in the global campaign against terrorism. Though the international community defines Chechen separatist forces as "terrorists," after pleas from Russia and assertion of the United States for its own need to strike terror. Russia's Chechnya policy has been criticized in the West, most vocally by the United States.

Distrust among global powers, however, encourages terrorist operations, while

increasing the costs of counter-terrorism.

It is apparent that the Putin administration will have to fine-tune future foreign policy. He will possibly try to improve Russia's ties with the United States and cooperate in a wider scope with other countries to combat Chechen separatists.

One positive is that the bombings have not stopped Chechnya's political reconstruction. A presidential election was held as scheduled on August 29. Alu Alkhanov, once assistant of the assassinated pro-Kremlin Chechen President Akhmad Kadyrov, was elected. It is way too easy to tell he can bring hope to the troubled region.

There is no foreseeable end to the violence that continues to spill out of the small republic. Just two days after the Chechen presidential votes were cast, a "black widow" killed nine people, including herself, and wounded 51 others when she detonated a bomb outside a Moscow subway station. Many Russian politicians are linking Chechen rebels to the latest attack, calling it revenge for the elections in which a Kremlin-backed candidate won the presidency.

It was the third such bombing in Russia that week. And it is not the end of story that reawakening fear of terrorism among Russian people. Only one day after the subway blast, armed attackers seized a school in a south Russian town, 400 people, including 200 children, were taken hostage. It seems the Russian version of "September 11" is far from over. ■



XINHUA/APP

TERROR IN THE AIR: August 24, Russian police investigators work near a tail unit of the Tu-134 plane that crashed on August 24 outside Tula, some 180 km south of Moscow

Making a Move

U.S. to redeploy its troops to cope with security concerns

By ZAN JIFANG

U.S. President George W. Bush announced, on August 16, a cut of 70,000 troops in Europe and Asia over the next 10 years, signaling the beginning of a long-expected military redeployment by the United States.

The redeployment plan will be implemented in the Middle East and Central Asia, Europe, Asia-Pacific and Africa, ushering in the most important strategic shift Washington has made in dealing with the post-Cold War security challenges. The move will have a significant impact on regional and global security.

The plan shows that the United States intends to move its strategic focus eastward, consolidate its counter-terrorist efforts through preemptive operations, and retain its military predominance in the world. The eastward shift of strategic focus will not only give U.S. forces more access to the former Soviet republics deemed "potential challenge," but also is helpful to developing relations between the United States and Central and East European countries. Along with this, the Pentagon should also have hoped that the adjustment of the U.S. troops in Europe would set an example for the reform of NATO forces.

Why the Move?

The redeployment sets out to improve the quality and efficiency of the U.S. troops, reflecting a big change in Washington's military strategic thinking.

First, to implement the preemptive strategy. After the September 11 terrorist attacks in 2001, the United States made an important military strategic adjustment, coming up with a new strategy aimed to win the war against terror. Launching preemptive strikes is the main content of this new strategy. The Bush administration hopes to establish a military base network that covers wider areas by adjusting deployment of troops overseas, so as to enhance the actual combat capability of

the army and pose an effective deterrence to countries of the so-called "axis of evil," which include Iran, Iraq and the Democratic People's Republic of Korea (DPRK), according to President Bush's 2002 State of the Union address.

Second, to improve the rapid response capabilities for trans-regional operations. The most recent military shift will alter the traditional way of stationing troops overseas, which is to shift fixed deployment to mobile deployment. Since Secretary of Defense Donald Rumsfeld took office, he has set out to speed up military reform and the transformation of the army, so as to build a more agile fighting force capable of rapid response in emergencies.

Third, to consolidate U.S. counter-terrorist activities globally and construct a new alignment system. Because of the Iraq war, the relations between the United States and Germany, France and other traditional European allies have chilled, while on the contrary, ties between the United States and Poland, Bulgaria, Romania and some other East European countries have strengthened rapidly. Washington hopes to reach its target of expanding its sphere of influence over East Europe, Central Asia and keeping the stability of Northeast Asia by launch-

U.S. Military Shift Plan

Europe

Of the 70,000 troops that will be pulled out from Europe and Asia, two-thirds of them are currently stationed in Europe.

U.S. troops in Europe number 110,000, of which 71,000 are in Germany. Two divisions will be withdrawn from Germany, some of which will be redeployed to some Central and East European countries including Poland, Bulgaria and the Czech

Republic, and others will return home. The U.S. naval forces stationed in Italy will also undergo similar readjustments.

Some military bases and facilities in Europe will be closed. In new military bases in Central and Eastern Europe, only a small number of advanced, deployable troops will be stationed there. The new bases will be small-sized and designed for emergency missions.

Asia-Pacific Region

The United States has stationed around 100,000 troops in Asia-





TIME TO GO: U.S. soldiers stationed in the Republic of Korea undertake a military exercise near Seoul in February. The United States has decided to cut its troops on the Korean Peninsula by 12,500 by December 2005

Pacific region. One-third of the 37,000 U.S. troops in the ROK will be pulled out and remaining troops will be redeployed. They will be sent to Iraq in rotation and then back home. The redeployment will be implemented in two phases and will last four to five years. In the next three years, U.S. troops in the ROK will also carry out a plan to enhance combat ability.

In Japan, 45,000 U.S. troops will experience the largest readjustment and reorganization since the Cold War. The U.S. Forces Headquarters in Japan will be relocated. As many

as 20,000 marines based in Japan's Okinawa will be moved to Australia. The Command of the First Corps of the U.S. Land Army will be moved from American mainland to Japan.

Middle East and Central Asia

After 12 years, U.S. troops will pull out of Turkey. A reserve military presence of around 150,000 troops will remain in Iraq and Afghanistan, and four permanent Air Force bases will be built in Iraq. U.S. troops in Saudi Arabia will be shifted to Qatar, United Arab Emirates and other regional

ing a new alignment strategy.

"The shift is not a spur of the moment decision, but a strategic move that has been planned for a long time," said Wang Chun, a researcher at the Chinese Academy of Military Sciences.

"As early as the end of the Cold War, the Clinton administration had already intended to readjust the U.S. military posture," said Wang, "but he finally gave up the plan because the timing was not right." At that time, according to Wang, the former Soviet Union just collapsed amidst great likelihood of turmoil in the newly independent Russian Federation. Under such circumstances, the United States only made a small-scale military adjustment. After the Kosovo war in 1999, the United States realized there was no threat in Europe any longer. After President Bush came to power, he had already considered taking action, but his plan was interrupted by the September 11 terrorist attacks and the wars in Afghanistan and Iraq. Now that the Iraq war has all but ended, this military adjustment is once again receiving priority, Wang noted.

Fu Mengzi, a researcher at the China Institutes of Contemporary International Relations, maintained that the U.S. military shift is mainly directed toward anti-terrorism.

"Today, terrorism is the largest and most real threat facing all nations. The situation is quite different from that in the Cold War period. So the shift aims to form small and mobile army units," he added.

Impact and Effect

Although it is perhaps too early to evaluate the impact of the U.S. military adjustment on relations between ►►

countries. U.S. military bases in Afghanistan, Uzbekistan, Kyrgyzstan and Tajikistan will be increased or expanded.

Africa

The United States will seek the use of military bases in Tunisia, Morocco, Algeria and some other African countries and dispatch more warships and marine corps to patrol along the coast of Africa. But the United States has no intention to build permanent military bases in Africa. U.S. troops in Europe will be sent to Africa in rotation. ■

Washington and its allies, the shift has already triggered opposition of some U.S. politicians and concerns of its allied countries.

Bush's election opponent, Democratic candidate John Kerry, fiercely attacked the plan, saying it's not the time to do it, for it will arouse the suspicion of other countries regarding the will and commitment of the United States and then damage America's anti-terrorist campaign. He also criticized Bush's decision of pulling troops out of the Republic of Korea (ROK), saying it sent the wrong message to the DPRK at the wrong time.

munities have already begun to discuss how to handle the situation. Many service facilities in Germany were built specifically because of the existence of U.S. troops and their families. But after they leave, whether these facilities remain is a major concern.

According to incomplete statistics, around 15,000 German civil servants are currently working in various U.S. military departments. After U.S. troops pull out, almost half of these workers will become redundant. Local officials estimated that the number of Germans who will be laid off because of the U.S. with-

Romania and Hungary. In addition, the U.S. military bases in Italy will be moved to the above countries—demonstrating the U.S. aim of having a military presence on Russia's doorstep.

The Russian Government is seemingly unperturbed on the surface. Russian Defense Minister Sergei Ivanov said on August 17 that the military adjustment of the United States does not necessarily make Russia feel uneasy as U.S. Defense Secretary Donald Rumsfeld had informed him of such a plan before President Bush's announcement.

Some Russian analysts, however, think the redeployment may pose a new threat to Russia. They suggest the Russian Government reach agreements with Transcaucasian and Central Asian countries on refusing the United States to establish military bases there. A Russian geopolitician predicted that the United States and its allies are preparing a "big battle" and the West is planning an overall siege directed at Russia.

The Russian military is closely monitoring the movement of U.S. forces and at the same time has taken a series of counter measures. On the same day of Sergei Ivanov's remarks on U.S. military readjustment, he announced, without warning, that Russia will bolster its military strength in north Caucasian areas. Besides this, Russia and the United States are holding negotiations on U.S. military redeployment in areas near Russia.

Shi Yinhong, Professor of international politics at the Renmin University of China, pointed out that Central Asia and Middle East are the strategic focus of the 130,000 U.S. troops now in Iraq. "But, compared with the Cold War period, the United States intends to input more military strength in the Asia-Pacific region for the moment. Provided the situation on the Korean Peninsula makes Washington think it needs to use force, the strategic focus of the United States will be shifted to this region," Shi said.

According to him, the United States has four strategic priorities: safeguarding the security of the U.S. mainland and dealing with terrorist attacks especially after the September 11 attacks; deterring hostile forces and preventing the proliferation of nuclear weapons; getting out of the Iraq war and dealing with the Middle East problem; and keeping vigilant in East Asia, with an eye on the Korean Peninsula, China and the Taiwan Strait. ■



ANNOUNCING THE SHIFT: August 16, U.S. President George W. Bush announces the

Some U.S. military experts agreed that redeployment in the ROK is something reasonable, but it should not be done right at the time of negotiations with the DPRK amid the Korean nuclear crisis. The possible consequence of the redeployment is believed an important reason for the Bush administration not to pull troops out of Japan on a large scale.

In Germany, Bush's plan met with widespread complaints. But there, the major impact of the military shift has a deeper economic effect, than a political one. U.S. troops have contributed in no small way to the economic development of German cities through their spending power as consumers. Although U.S. troops and their families will leave Germany only from 2006, German com-

drawal might be 10 times that of civil servants.

In comparison, the political effect has less impact. For the past 50 years European countries have recovered their military strength lost during World War II. At the same time, Russia, their common enemy along with the United States during the Cold War, has rebuilt its relationship with the United States. In the past 10 years, while Moscow and Washington have not been the best of friends, they were not enemies either.

The adjustment plan has also put Russia on alert. According to the plan, the first U.S. Armored Division will be moved from the battlefields of Iraq to Bulgaria and part of U.S. troops in Germany will be redeployed to Poland,

U.S. Military Problem Lies in Numbers, Not Geography

By William Pfaff

The Bush administration's decision to reduce the number of American soldiers stationed abroad is a belated reaction to a U.S. military deployment gravely outdated since the end of the Cold War, maladapted even to the current official strategic scenario. Even reduced in troop strength, the vast U.S. global military base system will remain at odds with how the world is developing.

Taking troops out of one place and moving them to another does not increase their total number. Closing German, Korean or Okinawan bases will not send more troops to Iraq. These base closures and redeployments in any case will take years, not months.

The whole question of America's worldwide base system remains sadly confused by ideology and vested interest. Why should U.S. troops still be in Germany? Germany is under no threat. But why should forces be moved to Poland or Romania instead? Neither of those countries is tangibly threatened.

The political climate is easier in Poland or Romania, and bases there undoubtedly are cheaper to run, thanks to lower maintenance and logistical costs (but bases have to be newly built or adapted to U.S. needs).

There is also a question prompted by historical experience, as well as principle, that eventually will make trouble. Why should states under no threat, at peace with the world, have American troops stationed within their borders?

When President Vaclav Klaus of the Czech Republic was asked a few years ago about the transfer of U.S. bases to his country, he replied dryly that the Czechs have had quite enough of foreign troops in their republic.

The American bases are justified as forward deployment in the nation's supposed global commitment to international stability. But American forces are rotated to Iraq from bases in the United States as easily as from European and Asian stations. The strain is how few troops there are, rather than where they are.

The author is an American political commentator and author on international relations, contemporary history and U.S. policy.



LAST SHIFT: U.S. soldiers stand guard at a U.S. Air Force Base in Germany. A 10-year redeployment involving 70,000 U.S. troops in Europe and Asia will soon be launched

The manpower problem primarily affects reserve and National Guard forces, overly relied upon in planning the non-conscript army, and not meant for prolonged deployment in a war of ideological choice rather than necessity. The regular army is severely stretched.

If the Iraq occupation and resistance go on for years (which is the conventional and necessary assumption made in the Pentagon, although possibly not the realistic one), the regular army (and Marine Corps) will have to be expanded, which John Kerry is proposing. However, the Iraq war is discouraging enlistments, even though real (rather than official) unemployment rates are high in the United States, due to the number of young unemployed not on official rolls.

There is a political significance in the troop redeployment expected in Europe. It is thought likely to convey the message that ex-Communist Europe is now America's Europe—Washington's "desegregated" Europe—and its ally in a search for influence inside the expanded European Union.

The apparently pro-U.S. political and economic bias of the new European Commission, which upsets both Paris and Berlin, is taken, by the suspicious, as evidence already of competitive alignments. Warsaw and Bucharest (or Sofia and Tallin), however, will eventually find that their essential interests are in Europe, not in North America.

There is continuing pressure to enlarge the U.S. presence in the Middle East, in order to defend Israel and American oil interests. This will be true even if the United

States is "defeated" in Iraq. But that outcome—in my view unfortunately assured—will make the Middle East an even more controversial and costly zone of action for the United States than already is the case.

The global base system rests on the assumption that it is true and useful to consider the "war on terror" as truly a war, with globally deployed armies and air forces the right way to wage it.

That idea, in my view, is false, and potentially damaging. The evidence suggests that American bases tend to destabilize, provoking nationalist or religious resistance. This was the case in the Shah's Iran, and in Saudi Arabia after the Gulf War. It is the case now in Iraq.

If the war on terror is really global, then every American base in the Islamic world (and even elsewhere) is potential generator of a new "foyer of terrorism." What the Pentagon sees as a global system of security bases, of a kind that was justified when there was a conventional military threat from the Soviet Union, makes little sense if the real threat of terrorism comes from people quietly installed in Manhattan, Paris or London.

What does the control of Najaf in Iraq, or the chase for Osama bin Laden in the mountains of Afghanistan, have to do with them? We already know that Saddam Hussein's regime in Iraq had nothing to do with terrorism.

The United States needs to re-deploy its forces, but in a much more profound redeployment than this one. ■

The view in this article does not necessarily represent that of *Beijing Review*.

LOST IN TRANSLATION



Beijing's language environment facing big c



g challenges

As soon as the curtain came down on the Athens Games, the world's focus shifted east where China now faces the challenge of hosting the 2008 Olympics, in the old capital of Beijing.

There is a buzz on the ground as people in the city discuss, plan and contemplate the next four years and the work to be done. Not a day is being wasted. Old landmarks are being refurbished, sports stadiums and accommodation venues are shooting up and the traffic gridlock is under a microscope. But underneath the noise of cranes, jackhammers and giant drills, is another less familiar sound. Beijingers are coming out in droves to learn English and other languages. And they're shouting it out loud.

In an effort to include the more practical aspects of welcoming athletes and visitors to the city, locals of all ages and from all walks of life are hitting the books and practicing their "Hello's!" in an all-out foreign language drive. To help visitors even further, all the signage around the city is to be standardized, so that everyone is on the same page. Communication lies at the heart of the games. Beijing is determined to see that the message gets across, in a language visitors will understand.

WANG XIANG

By DING WENLEI

James McGreen and his wife, Katherine, one of many backpacker couples making their first trip to Shanghai this summer, became totally confused when they tried to find “XIZANG ZHONGLU” with the help of a local street map. The road sign indicated “CENTRAL TIBET ROAD” while the billboard overhead reads “CENTRAL XI ZANG RD.”

This state of confusion is shared by many visitors to China. Recently, however, foreigners in Beijing have begun to notice more English words or abbreviations such as “road/Rd.,” “street/St.,” “avenue/Ave.” and “bridge” coexisting with the corresponding Chinese phonetic alphabet (Pinyin) on road signs and guideposts.

As part of its huge facelift program, Beijing, host of the 29th Olympiad in 2008, is promoting the learning of foreign languages among its citizens. Bilingual is the buzz word and everything from road

signs, public notices, menus and descriptions at scenic spots will be updated. This big undertaking will supplement the construction of state-of-the-art stadiums for the 2008 Olympics and protection of ancient relics in the old city area.

The Organizing Committee Office of Beijing Speaks to the World Program, founded in early 2000 with support from the Beijing Municipal Government, staged a new standard for road signs and guideposts in English in Beijing at the end of 2002, advocating “Pinyin” for proper names like “Wangfujing” and “abbreviated English word” for general name like “Avenue/Ave.”

Liu Yang, Deputy Director of the office, conjured up an image for *Beijing Review*: By 2007, taxi drivers, waiters and other professions in the service industry will be capable of 100 sentences for daily use in at least one foreign language. They will be ready to answer a foreigner’s query, of say, “WANGFUJING Avenue” instead of “WANGFUJING DAJIE.” But is this very practical or useful; and will it speed things up?

Huang Youyi, Vice President of China International Publishing Group, believes it is a global trend, as once a city is referred to as an international metropolis, foreigners swarm in. The new standard “makes sense to foreigners who can’t speak or understand Chinese, bringing convenience to travelers and business people from abroad,” he said.

The scheme of the Chinese phonetic alphabet, or Pinyin, however, has been used as the national standard for geographic names since 1978 in conformity with the Resolution 8 of the Third United Nations Conference on the Standardization of Geographical Names (UNCSGN).

The resolution recommends Pinyin be adopted as the international system for the romanization of Chinese geographical names because it is “linguistically sound” and “most suitable.”

The advantage of Pinyin, according to Fan Yi, Associate Editor-in-Chief of Sinomap Press, lies in the fact that its sound corresponds directly and exclusively to the exact names in Chinese. ▶▶

Birth and Evolution of China’s National Standard for Romanization of Geographical Names

1958

China issues the Scheme of a Chinese Phonetic Alphabet (Pinyin).

1967

September 4-22 The First United Nations Conference on the Standardization of Geographical Names (UNCSGN) is held in Geneva.

Resolution 9, adopted at the conference, recommends that efforts should be made to arrive at an agreement on a single romanization system, based on scientific principles, from each non-Roman alphabet or script, for international application.

1972

May 10-31 The Second UNCSGN is held in London.

Resolution 29 recommends that, within the international standardization of geographical names, the use of those exonyms designating geographical entities falling wholly within one state should be reduced as far and as quickly as possible.

1977

August 17- September 7 The Third UNCSGN is held in Athens. A Chinese delegation participated in the conference for the first time.

Resolution 8, titled “Romanization of Chinese geographical names,” recognizes that the Scheme for a Chinese phonetic alphabet is China’s official Roman alphabet scheme, ... notes that the Scheme for a Chinese phonetic alphabet is linguistically sound and is most suitable for the romanization of Chinese geographical names, ... and recommends that the Chinese phonetic alphabet (Pinyin) be adopted as the international system for the romanization of Chinese geographical names.

1978

September 26 the State Council approves the proposal on using the scheme of Chinese phonetic alphabet (Pinyin) as the standard system for the romanization of Chinese personal names and geographical names.

1984

December 25 China’s Committee of Geographical Names, Committee of Chinese Language Reform and State Bureau of Surveying and Mapping jointly issue the Spelling Principles on the Hanyu Pinyin of Chinese Geographical Names, still being used today.

1986

January The State Council issues the Regulations on Administration of Geographical Names. Article 8 stipulates that the Scheme of a Chinese phonetic alphabet, issued by the state, works as the only standard for Chinese geographical names.

1996

June The Ministry of Civil Affairs issues Rules for the Implementation of the Regulations on Administration of Geographical Names. Article 19 stipulates that the Hanyu Pinyin Scheme is the unified system romanizing Chinese place names. It suits not only romanization of Han and minority scripts, but also other Roman scripts, including English, French, German and Spanish.

It is made clear that no person names or place names in other languages can be used apart from Pinyin.

2000

October 31 The scheme of Chinese phonetic alphabet is written into law at the 18th Session of the Standing Committee of the Ninth National People’s Congress. The scheme is designated as the tool of spelling and phonetic notation for the national language and character for general use, and the unified standard for romanization of people names, place names and bibliography in Chinese.

出 A·B (北) 

EXIT

A

北京北站 (西直门火车站)
BEIJING NORTH RAILWAY STATION
去往13号线
TO LINE 13

北京动物园
BEIJING ZOO

北京展览馆
BEIJING EXHIBITION

西直门内大街
XIZHIMEN NEI STREET

B

西直门内大街
XIZHIMEN NEI STREET

出 C·D (南) 

EXIT

C

西直门内大街
XIZHIMEN NEI STREET

成铭大厦
CHENGMING BUILDING


中复西直门电讯商场
ZOOMFLIGHT XIZHIMEN STORE

北京地铁运营公司
BEIJING MASS TRANSIT RAILWAY OPERATING CORPORATION

西直门外大街
XIZHIMEN WAI STREET

D

国家药品监督管理局
STATE DRUG ADMINISTRATION

 **厕所**
TOILETS 

WHICH WAY OUT?:
Despite having signs updated in 2002, subways are often the most confusing place to get directions for a visitor or foreigner

紧急出口  

EMERGENCY EXIT

Suggestion or Standard?

—English usage of road signs in a 2002 plan

With the wisdom of an extravagant team of language experts and transportation officials, the Organizing Committee Office of Beijing Speaks to the World Program staged a new half-Pinyin and half-English standard for the romanization of road signs in Beijing at the end of 2002.

1. Capitalize the first letter of proper names of companies and organizations in Beijing.

2. Capitalize each letter of Pinyin and the first letter of each English word for roads or other place names in order to distinguish Pinyin from English words.

3. Abbreviations are used for general names such as "avenue," "road" and "expressway" when they follow specific proper names of a place.

eg.

The abbreviation for "Avenue (DaJie)" is "Ave."

The abbreviation for "Road (Lu)" is "Rd."

The abbreviation for "Expressway (Gaosulu)" is "Expwy."

4. Capitalize the single-word road signs in line with international practice.

eg. EXIT (Chukou)= ENTRANCE (Rukou)

5. English words are used to indicate directions. When used in specific road names, "East," "West," "South" and "North" should be abbreviated, respectively, into "E.," "W.," "S." and "N."

eg. "Xisanhuan Beilu" should be translated into "W. 3rd Ring Rd. N."

6. English equivalents are used for infrastructure and facilities used internationally, such as "Jichang (airport)," "Chezhan (railway station)," "Yiyuan (hospital)," "Tiyuguan (stadium)," and "Jiayouzhan (gas station)."

7. Bridge is used for any overpass in Beijing.

8. Indent Ordinal numbers in English.

eg. 1st, 2nd, 3rd, etc.

9. "Interchange" is used for an intersection without traffic light and "Junction" for that with traffic light.

Many foreigners, however, care little about which standard will prevail, but hope that what they read from maps, road signs and guideposts are all uniform.

Confusion

Despite the inconsistency between two sets of standards, the new standard itself produces contradictions.

For example, one road sign reads "XINJIEKOU WAIDAJIE," in Xicheng District it reads "XINJIEKOU Outer St.," while the highway directional sign over a junction nearby calls it "XINWAI ST."

The new standard recommends "Bridge" for "QIAO" in Pinyin for the

Municipal Commission of Urban Planning, who declined to give her name, said that currently in Beijing the national standard is adopted for street signs indicating geographical names and the new standard for directional boards, over exits, entrances, overpasses or junctions.

The jury is still out on how to abbreviate "North," used to indicate direction. "N." appeared recently in street signs of geographical names in the area near Renmin University of China.

Convenient?

Half Pinyin and half English road signs are intended to make sense to for-



JUST FOLLOW THE SIGN: Foreign visitors having fun with directions

overpasses everywhere in Beijing, but "Bridge," "BRIDGE" and "QIAO" are often seen in the same signs in urban areas.

Also confusing are the different spellings of abbreviations of "street" (ST, St, ST, and St.) and "road" (RD, Rd, RD, and Rd.).

Chen Kexiang, director of the super-division branch of geographical names under the Ministry of Civil Affairs, complained about the situation, commenting that the ministry supervises cities nationwide except for Beijing, Shanghai and Tianjin municipalities.

An official from the Beijing

eigners whether it is a street, road or bridge, but often things get lost in translation causing great inconvenience. Even the simple translation of "Jie" to "Street" "could create confusion, while translating "North" and "South" similarly is not helpful.

Most foreign residents in Beijing quizzed by *Beijing Review* at Lakeside Houhai, a trendy Beijing nightlife area, weren't bothered whether translation or transliteration is used for the bilingual road signs.

Businessman Andreas Kriesi has worked in China for three years and has

no problems in reading road signs, though he does speak a little Chinese. He prefers Pinyin to translation because “taxi drivers usually understand where you head for if you try to pronounce Pinyin.”

Frenchwoman Audrey Bouchon prefers Pinyin for the same reason.

Bouchon has been in Beijing for a year and can speak, read and write Chinese. She recommended Beijing to prepare more bilingual tourist handbooks for people coming from different countries. “The function of road signs is to tell direction, but the tourist’s handbook provides more needed information about a city,” she said.

She also advised that taxi drivers learn English words and expressions that are most frequently used in daily conversation in preparation for the 2008 Beijing Olympics.

Italian Carmine Gannotti joked that he prefers Italian to any other foreign tongues if possible. “Pinyin or English, they make no difference to me, but for the sake of taxi driver, I choose Pinyin,” said Gannotti.

Whether translation is convenient for foreigners depends on how widely English is used within Beijing’s large population. Fan Yi appreciated the ambitious goal of the Beijing Speaks to the World Program, but wondered if it is practical, given the huge aging population. He also pointed out that indiscriminate between “avenue” and “street” could be confusing to foreigners. In the English world, “street” is for general use while “avenue” often refers to a wide tree-lined road.

Respect for Local Culture

China adopted the Pinyin system for the romanization of Chinese geographical names in 1978 to end the chaos caused by different old spelling systems, including the Wade-Giles system. For example, the romanized form of the Chinese word for “Peking” developed from “Pei-Ching” (Wade-Giles) to “Beijing” (Pinyin).

Resolution 29 of the Second UNCSGN, held in May 1972, recommends that, within the international standardization of geographical names, the use of those exonyms designating geographical entities falling wholly within one state should be reduced as far and as quickly as possible.

As a result, China, Japan, the Republic of Korea and other non-roman scripts successively championed their own national standards for international use.

The Book of the World, printed by Macmillan in the United States, and The City Center Map of Beijing, published by Berndtson & Berndtson in Germany, for example, all use the Pinyin system to romanize Chinese geographical names.

Fan pointed out that the romanization of geographical names in Japan also makes no sense to foreigners if they know little Japanese.

Huang Youyi, who is also secretary general of the Translators’ Association of China and supports the introduction of English words into road signs, understood that UNCSGN resolutions related to standardization of geographical names were “out of respect for different local cultures.”

Huang advocated the practice of Hong Kong and Chinatown in San Francisco, like the famous Canal Street because “Hanyu Pinyin is especially difficult for foreigners and a majority of them cannot pronounce C, K or H correctly.”

“To facilitate the travel, study and work of foreigners in China in terms of language environment is a long-term solution,” added Huang.

Chen Kexiang of the Ministry of Civil Affairs said, “Geographical names give geographical entities substantial meanings while road signs are ‘mute guides’ of cities and towns, faces of local people and eyes of outlanders. The introduction of English into road signs make it difficult for us to supervise along with the established national standard of road signs.”

Fan Yi worried about the aftermath—Is the half-Pinyin and half-English system designed for the 29th Olympics that lasts only 20 days? Will the national standard replace it after the event? Beijing, as the capital city of China, always sets the example for other cities to follow, which also worries Chen Kexiang.

Fan expressed hope to negotiate with the Organizing Committee Office of the program for a standard that is acceptable for both sides.

“Measures must be adopted to settle the confusion,” he said.

Changes in Subways

Subways, which used to be one major target of complaints in Beijing, were given new signs at platforms and exits of all stations in 2002.

For foreigners or passengers who are unfamiliar with Beijing’s subway, choosing which exit to use can be a problem. The new signs use letters (A, B, C, and D)

instead of direction signs in Chinese characters to denote the four different exits, and indicate important landmarks near each exit in Chinese as well as English.

Yet, inconsistency is found in subways. The sign at exit B, at the Xizhimen Station indicates the exit leads to “XIZHIMEN NEI STREET,” using Pinyin “NEI” instead of “Inner” and spelling out “STREET” instead of abbreviation.

The interchanging stations, FUXINGMEN and JIANGUOMEN, as



MAKE SENSE?: W. 2nd Ring Rd.—can you understand this sign?

Bouchon said, are in need of improved signs.

Businessman Roland P. Marcz, who prefers translation to transliteration, complained about the airport in Beijing and Shanghai. “I can hardly find my way around because the signs are too small; when I’m in a taxi, I can’t see clearly the Pinyin or English words on the street signs following Chinese characters.”

“People get the first impression of a city after they step down the foot ladder of the airplane and get into a taxi, or walk out of the railway station and into the subway,” said Marcz, “that is why all signs are so important, if you’re giving the city a facelift.” ■



WANG CHENGXU

Being Understood

REPEAT AFTER ME: Children respond to their English teacher during the opening ceremony of Beijing Foreign Language Week,

Beijing residents get down to some serious language learning before the 2008 Olympics

By YAN WEI

On her way back to the hotel from a basketball stadium in Athens, Du Jie felt helpless in her taxi. Having showed the driver three different Greek maps, the English-speaking Chinese reporter was frustrated to find her driver still unable to pinpoint where she wanted to go. Not understanding a word of English, let alone Chinese, the driver seemed to be at his wits' end. He tried to seek help from his wife, whose English was no better than his, but to no avail. The police officers there did not speak English, either. Finally, an English-speaking passerby came to Du's rescue.

"At that moment, I came to realize the necessity of Beijing's ongoing campaign to promote foreign language speaking," recalled the *China Sports Daily* reporter.

The campaign Du mentioned is actu-

ally called "Beijing Speaks to the World Program." It has been in full swing for over two years. The Beijing Speaks to the World Program Organizing Committee serves as program coordinator under the Beijing Municipal Government.

Ever since its founding, the committee has been closely cooperating with the Beijing Organizing Committee for the Games (BOCOG) of the 29th Olympiad to create a good language environment in the city.

The committee has formulated an action plan for the period from 2003 to 2008, vowing to "improve the cosmopolitan environment of the city, elevate Beijing's image in the international community and optimize Beijing's development environment."

Promise to Be Language Friendly

Liu Yang, Deputy Director of the Organizing Committee Office of the

Beijing Speaks to the World Program, says, "The Chinese Government is the only government that has made a promise to eliminate language barriers during the Olympics, and Beijing has been doing its best in this regard."

The program was formerly known as "Beijing Speaks English," dedicated to making English, the de facto world language, popular in the city. In March 2002, the scope of the program was broadened, ambitiously aiming at familiarizing residents with all major languages in the world, including French, German, Italian and Spanish.

The committee consists of government officials involved in the campaign, among whom are officials from the municipal government, as well as leading officials in Beijing's 18 districts and counties. Vice Mayor Zhang Mao acts as the committee chairman.

Its pilot, the Advisory Group of the

Beijing Speaks to the World Program Organizing Committee, was set up in November 2002. The group is composed of foreign language professors from Chinese universities, as well as native speakers eager to offer their help.

The committee sponsors a variety of activities to encourage foreign language learning among Beijing residents, such as foreign language contests, festivals, free lectures and training classes.

From May 1 to 3 this year, the Beijing Foreign Language Week of 2004 was held in the Working People's Cultural Palace, which used to be the imperial ancestral temple in the Ming (1368-1644) and Qing (1644-1911) dynasties. It is the third large-scale foreign language promotion organized by the committee. As many as 100,000 visitors flocked to the venue to improve their knowledge of languages. Various activities, such as public lectures on English and other languages, an English corner, a book and video fair, presentations by foreign language schools and overseas study agencies, were staged.

Beijing Language Days

Liu says that the preparations of another foreign language event, which is scheduled for October 16-17, are now underway.

According to Liu, Beijing is "going crazy," with an unprecedented passion for learning foreign languages. People from all walks of life, civil servants, drivers, salesmen, students and police officers, are all enthusiastic about foreign language learning.

Zhang Shaobo, an eight-year-old

Signage in Beijing: Past and Present

Some old public signs	Standardized versions
XISIHUAN LU	W. 4th Ring Rd.
HUAYUAN QIAO	HUAYUAN Bridge
XICHANG'AN JIE	W. CHANG'AN Ave.
DONGZHIMENWAI DAJIE	DONGZHIMEN Outer St.
JINYU HUTONG	JINYU Lane
CARE OF THE GREEN NO ENTRANCE	PLEASE KEEP OFF THE GRASS
New China Children Store	Xin Zhong Guo Children's Store
NO NEARING	STAY BACK/ KEEP CLEAR
NO STRIDING	DO NOT CROSS

schoolboy living near the future Olympic Village, north of Beijing, has been learning English for nearly two years. Having quite a number of English expressions at his command, he is eager to show off his English before others.

Pan Rijuan, the boy's mother, cannot hide her pride in her son. "I hope he will become an English talent and can talk with English-speaking people fluently in the near future."

Granny Xu, a lady in her 70s living in Dachaye Jie, Xicheng District, has formed the habit of practicing English with her grandson in his spare time. She believes that she will be able to help foreigners find their way around her neighborhood with the English she has learned.

"We are now recruiting volunteers from the international students in Beijing's universities to help Beijing residents improve their foreign languages, but the number of volunteers is too limited. We hope more foreign

friends will join us in the foreign language promotion campaign," Liu says.

Road Signs Upgrade

Apart from calling on the residents to learn foreign languages, the committee is also devoted to nurturing a foreign language-learning environment in the capital city. It has drawn up a set of rules for translating road signs into English. Bilingual road signs can now be seen in many places of the city.

Chen Jianjun, a taxi driver, welcomes the move. "Although I needn't look at the road signs when driving, I think the bilingual signs will be helpful to foreigners. This shows Beijing is coming closer and closer to the international community."

Under the arrangement of the committee, all bilingual (Chinese and English) signs at large scenic spots, museums and parks throughout Beijing will be edited by Chinese or foreign language experts.

Up to now, the bilingual signage and brochures of 10 major parks, such as the Temple of Heaven, the Summer Palace and Fragrant Hill Park, as well as 60 A-level scenic spots in Beijing, have been standardized.

According to Liu, the problems of the current English versions mainly lie in the following four aspects: translation errors, failure to convey the cultural connotations, misspelling and mistakes occurred in the making of the signs.

Liu says the committee will step up its efforts in this respect so as to finish checking all the signs at Beijing's tourist attractions before 2008.

"Beijing is an international metropolis. Its residents are expected to have a high sense of international communication. By constantly enhancing their ability to communicate with foreigners, I'm confident foreigners will feel more and more at home in the ancient city of Beijing," Liu notes. ■



PASSION FOR ENGLISH: Every Wednesday, residents in Wangzhima Community of Beijing gather for English lessons

Dear Prudence

Beijing Olympic planners discussing financing and the long-term goals of 2008

By CHEN WEN

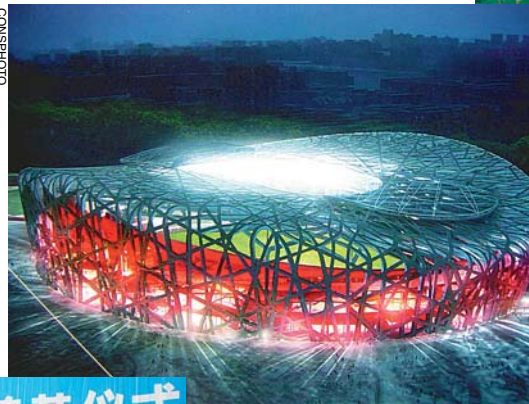
Construction on the vast building site of China's National Stadium came to a sudden halt on July 30. Known as the "Bird's Nest," it is slated as one of the main venues for the 2008 Olympics. Although the field, with overgrown weeds now flickering idly in the wind, is silent, debate around the project is reaching a crescendo.

Two top Swiss architects, Jacques Herzog and Pierre de Meuron, designed the stadium. Its giant lattice-structured exterior of irregularly angled metal girders gives it the look of a cradle of twigs. Public worry was first aroused when the roof collapsed at de Gaulle Airport, Paris's biggest, on May 23 this year. Concern then expanded to include the safety of foreign-designed structures in China, including the "Bird's Nest."

But in addition to safety concerns, criticism of the stadium gravitated toward what people are calling the "extrava-

gant" of the games preparatory work. from the Chinese Academy of Engineering (CAE) publicly expressed concern over the what they see as an outlandishness of Beijing's Olympic venues. The Civil Engineering, Water Conservancy and Architectural Engineering Division of CAE held a meeting reporting ongoing projects. Some academicians submitted a summary of their opinions to the State Council, China's Central Government.

According to *Nanfang Weekend*, four



BIRD'S NEST: China's National Stadium, as envisioned by top Swiss architects, Jacques Herzog and Pierre de Meuron

CAE academicians submitted a petition to Premier Wen Jiabao in July, arguing that designers of Beijing's Olympic venues were paying too much attention to size, novelty and foreign prestige. They argued that this had contributed to safety

and money-wasting problems. The Bird's Nest is the worst example, according to the petition. It will consume an astonishing amount of steel, while the stability of



EMPTY NEST: This August 31 photo shows the site of the "Bird's Nest" after construction was halted on July 30

the architecture is now in doubt.

Authorities have not ignored their unease. While construction of the National Stadium is temporarily halted, the design is to be revised. Safety will be one issue. But cost is cited as the main reason, according to Wei

Jizhong, an executive member of the Beijing Organizing Committee for the Games of the 29th Olympiad (BOCOG).

An official date has not yet been released as to when the project will be restarted. But according to the Beijing Urban Planning Committee, the National Stadium will be redesigned, while retaining its "unique style."

An even larger scheme is the "Olympic Projects Slimming." This includes redesigning the National Swimming Center, known as "The Water Cube," and Wukesong Basketball Stadium.

Construction of those venues will be



START WORK: December 24, 2003, the groundbreaking

gance" of the games preparatory work.

Heated discussion among domestic architects has ensued. During an annual academic conference on June 5, scholars

Development of Olympic Venues and Related Facilities

The venues and related facilities for the 2008 Olympic Games will be designed and constructed in accordance with the technical requirements of the International Olympic Committee (IOC) and the International Sports Federations, and in line with China's national conditions and Beijing's actual development. In the development, experience and lessons from other host cities in venue construction will be taken into account and our commitments in the Candidature File and the Host City Contract will be honored.

1. Principles, Status and Locations

Basic principles:

1) In planning and designing the venues, we will give full consideration to both the Olympic competitions and post-Games uses. While meeting the technical requirements of the IOC, we will maximize the social benefits of the Olympic venues, giving full consideration to the needs of the citizens for sports and the long-term functions of venues for hosting cultural, sport, commercial, tourist and recreational activities, as well as meetings and exhibitions.

2) We will keep frugality in mind in the development of the venues. The size, location and number of the venues and facilities to be constructed will be reviewed and verified. Existing facilities that can be adapted or expanded for Olympic purpose will be used instead of building new ones; and temporary venues will be built in place of permanent ones.

3) We will create masterpieces of sports facilities that reflect the integration of construction technologies, architectural art and environmental protection and fully embody the concept of sustainable development, leaving a unique Olympic legacy to the capital city.

Status:

Thirty-seven venues will be used for Olympic competitions, with 32 of them being in Beijing and five outside the city. Of the 32 venues in Beijing, 19 will be newly constructed (including six temporary sites) and 13 are existing facilities to be renovated or expanded. In addition, 59 training sites will be renovated and special facilities for the Paralympics will be constructed. Of the five venues outside Beijing, the Qingdao International Sailing Center, Tianjin Stadium, and Qinhuangdao Stadium will be newly constructed, while Shenyang Wulihe Stadium and Shanghai Stadium are existing ones to be renovated.

Locations:

The venue distribution can be described as "one center plus three areas." The Olympic Green, containing 13 venues, will be the center for the Beijing 2008 Olympic Games. The Western Community Area will include nine venues, among which Wukesong Culture and Sports Center will become a venue for cultural and sports activities in southwest Beijing after the Olympic Games. The University Area will harbor four venues, including the Capital Indoor Stadium, all of which will become places for cultural and sports activities for colleges and local communities after the Games. Two venues, including Beijing Country Equestrian Park, will be located in the North Scenic Spot Area, facilitating the development of suburban tourism. In addition, in other areas, four venues, including the Workers' Stadium, will be renovated or expanded, providing places for cultural and sports activities for the neighboring residents.

Excerpt from
Beijing Olympic Action Plan

Source: BOCOG



WANG XIANG



WANG XIANG

NOTHING TO DO: Workers walk away from the construction site of National Stadium after being granted two months leave

re-discussed and re-planned regarding investment and a timetable for completion. The date when all venues for Beijing's 2008 Olympic Games are



expected to finish has been pushed back one whole year to 2007, said Vice Executive Chairman of BOCOG Liu Jingmin at a press conference in Athens on August 12.

"The completion of the venues is not 'the earlier the better,'" Liu said. "The time of completion should be appropriate." This is different, however, from "leaving enough time for testing," which planners had explained completing the whole project in 2006 would allow.

This time, "prudence" is the guiding principle.

At the press conference, Liu repeatedly emphasized some principles in holding an Olympic Games. He expounded on three factors of concern administering the construction of venues. One is to make full use of existing resources; second, to find out if a design is more "practical" or "extravagant;" and third, to make sure venues will be used after the games.

'Prudent Olympics' vs. 'Successful Olympics'

BOCOG Chairman Liu Qi spoke highly of Athens' preparation for the world's premier sports event. After days of inspection, he was impressed by the city's reconstruction and utilization of

the development of the venues. The size, location and number of the venues and facilities to be constructed will be reviewed and verified. Existing facilities that can be adapted or expanded for Olympic purpose will be used instead of building new ones, and temporary venues will be built in place of permanent ones."

Also, in August last year, Premier Wen Jiabao emphasized a similar sentiment when he inspected Beijing's urban construction. But until recently, the premier's words were not given much attention, as people were bombarded with slogans promising to hold the "best ever" games.

"The whole country attaches too much importance to the Olympic

the state media.

The two concepts do not necessarily conflict; nor does a successful Olympics preclude conspicuous investment and spending.

According to Deputy Director of the Beijing Olympic Economy Research Association, Chen Jian, hosting a successful Olympics needs a certain amount of investment. Investment exceeding what the government can bear would leave a huge long-term deficit. Chen believes this would outweigh government successes in other aspects. "By contrast, if the government can keep a relatively high marginal utility of the invested capital within the government's bearable limit, and do well in other aspects, it will probably make the 2008 Olympic Games the best one," said Chen.

Chen also explained that to host an frugal Olympics does not necessarily mean absolute low input and low cost. What is important is from where high input would come. "If this high input is in accordance with the market rule, and can also bring about high output and high returns, it will not go against the concept of hosting a prudent Olympic Games," Chen said.

Wei Jizhong thinks "a successful Olympic Games is measured in the end by the overall economic costs and the overall social costs: First, whether the host city (or the country) has

accumulated fairly sufficient wealth; second, whether the social welfare of common people in the host city (or the country) has really been promoted."

In a recent interview with Xinhua News Agency, Liu Qi emphasized that the principle of the host city should be adhered to in all aspects of the preparation for the games.

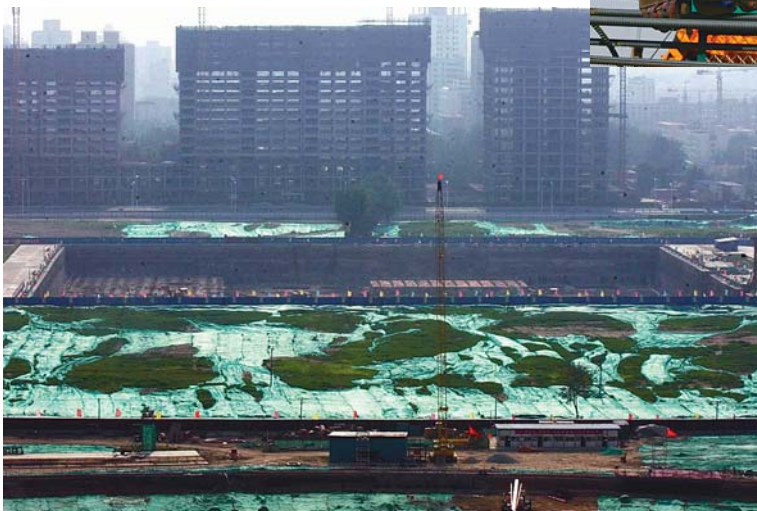
"First, we should establish an investment and financing system based on social channels. In terms of the construction and distribution of those venues, we should give full consideration to their utilization after the Olympic Games," Liu said, echoing Liu Jingmin's words. He suggested that some venues be located in universities and some multi-purpose sports facilities be established in areas where there are currently other stadiums. Therefore, after the Olympics, students and residents can still use them. ■



BUILDING NEST: Workers weld a steel pillar on the site of the National Stadium

Games," said a CAE academician under the condition of anonymity. "In such an atmosphere, we would all strive to demonstrate the idea that we must spend lots of money in holding the Olympic Games."

Until July 27, Beijing Mayor Wang Qishan firmly demanded every effort be made to keep costs under control in the preparation for the 2008 Olympics, and that existing stadiums should be sufficiently utilized. That Wang's statements were followed by the surprising halt in building the National Stadium indicates that the authorities are embracing the concept of a "prudent Olympics," which has gradually supplanted the "best Olympics" slogan in



SWIM CENTER: "Water Cube" under construction

existing facilities as Olympic venues, which he has described as "prudent Olympics," which Beijing would like to adopt.

Holding a "prudent Olympics" was endorsed as a principle as early as the BOCOG was established in December 2001. The Beijing Olympic Action Plan states, "We will keep frugality in mind in

The U.S. Presidential Elections And Sino-U.S. Relations

At a forum on Sino-U.S. relations in Beijing on August 30-31, **David Aaron**, a senior fellow of U.S. Rand Corp. and former U.S. Under Secretary of Commerce, reviews the issues that have emerged in the current U.S. presidential campaign and its potential impact on Sino-U.S. relations. Following are excerpts:

Campaign Issues

At present, it appears that the winner of the 2004 presidential election will be decided by events and by the televised formal debates between the two candidates. It has often been said that there are only three issues in a presidential election: War and peace; rich and poor; and black and white. The latter refers to the race issue that, thankfully, has not been a part of this campaign. The emphasis of the candidates on the other two issues has alternated back and forth over the year.

Six months ago, the Democrats were running on the economy and the president on the war in Iraq. Two months ago, as the economy seemed to rebound and the occupation of Iraq seemed to [be] going badly, the Democrats switched their focus to Iraq and the president to the economy. As of this writing, job growth appears to be faltering and Iraq has become a dull ache. John Kerry is pressing once again on the economy and the president has shifted his focus not to Iraq, but to his leadership in the war on terrorism.

But the issue of terrorism is a wild card. The president has been sending two somewhat contradictory messages: First, that America has become safer as a result of his leadership; but second, the public should expect a significant terrorist attack before the election. For his part, Senator Kerry claims that the president's handling of the war in Iraq and his differences with some of traditional allies have made America less safe. However, the senator has his own problems with consistency, having voted for the war as well as against funding for it.



CHALLENGED LEADERSHIP: August 10, President Bush waves from the crowd as he enters to deliver remarks at the Pensacola Civic Center on the second day of a six-day campaign swing

The important question is how American voters would react to another terrorist attack. Would they give Kerry credit for being right, or would they really around the president? The latter is the usual American response in crisis. A possible further indicator favorable to the president is that the people have not penalized him for the several "false alarms" that have been sounded by the administration.

The issue of the economy also appears problematic. Job growth continues, but at a slackening pace over the last few months. The stock market has fallen about 8 percent since the beginning of the year, but traders are not talking about a "bear market" as in 2001-03. Inflation has been edging up, because of the price of gasoline, but not apparently due to the large federal deficit. Consumer spending has slowed putting another important drag on the economy. On the other hand, the Federal Reserve has raised interest rates modestly, signaling their view that the economy can be expected to speed up.

From a political point of view, the turn-around in the economy is not yet a winning issue for the president. Particularly in the battleground states of the industrial middle-west hit hard by unemployment, Senator Kerry's message that job growth is insufficient resonates with the voters; as does his claim that the jobs that are being created pay less than the jobs that have been lost.

In a contest between a challenger and a sitting president, the election is in large measure a referendum on the president. Voters first look at the president to decide whether they want him to continue in office. If they are doubtful, they then look at the challenger to see if he is acceptable.

But the trustworthiest indicator of the likely outcome of a presidential contest is the question of whether the nation is headed in the right direction. It is a referendum on whether people are satisfied or dissatisfied with the way things are going. (The very general question allows the person polled to use whatever criteria they believe are relevant to them.) As of ►►

early August, the Gallup Poll registered 44 percent satisfied and 55 percent dissatisfied. However, the gap is narrowing. In May it was 36 percent satisfied and 62 percent dissatisfied.

Impact on Sino-U.S. Relations

In such a tight election, any issue can become important no matter how limited the target audience is. In 2000, George Bush went to the steel making state of West Virginia and despite his support of free trade, promised the steelworkers that he would put quotas on foreign steel imports. Although West Virginia has traditionally voted Democratic, George Bush won the state and with it the election. The steel quotas he subsequently imposed would have had a more adverse effect on the Chinese economy had increases in the worldwide demand for steel not offset the quotas.

This example suggests that either candidate may seize on an issue that would affect China. Historically, it is the challenger who attacks the incumbent administration of its China policy. In 1992, Bill Clinton criticized George H.W. Bush for being indifferent to human rights in China. This fit into one of his overall campaign themes, that the president was out of touch with the American people's

values and needs. In 2000, George W. Bush attacked the "Clinton-Gore" administration for failing to appreciate the growing security threat from China's military modernization program. This fit into his overall theme that Vice President Gore was weak on defense.

This year, with the economy a principal point of dispute in the campaign, the issue that may affect China is the problem of the "outsourcing" of American jobs. The Democrats are accusing the Republicans of exporting jobs to China and India, of creating good jobs abroad but not at home. This charge has found particular resonance in the industrial battleground states. So far, however, the blame has been placed primarily on the desk of corporate American and not on China—perhaps because Senator Kerry is trying to paint the administration as too responsive to corporate interests. Moreover, the remedy proposed by Kerry is to eliminate certain corporate tax breaks that he believes encourage outsourcing. If Kerry should be elected and follow through on his proposals the effect on China, if any, would be marginal since most U.S. investment in China is driven by strategic business decisions and not tax considerations.

A related issue is that of the exchange rate for the Renminbi. For some time now, organized labor has been making the argument that the Chinese Government has kept the rate artificially low, thus stimulating U.S. imports from China and depressing U.S. exports. The administration is vulnerable on the issue, because it has raised the matter with the Chinese Government, but nothing significant has come of the effort. While this issue is controversial with economists and rather complicated to be argued in a presidential campaign, China should be prepared to see Kerry and the Democrats denouncing the Bush administration for doing little about China's "rigged" exchange rate. It is equally possible that Kerry will criticize the Bush administration for insufficient vigor in U.S.-China trade disputes.

In contrast, security issues with China are likely to remain quiescent during the campaign. The one somewhat tangential exception is the recently announced U.S. force redeployment in Asia, which Kerry has criticized. To the extent that China finds an interest in this debate, it may want to follow it closely.

Should John Kerry win the election, the Democratic administration is likely to give more attention to North Korea and follow a more flexible approach in order to end the threat of a nuclear build-up in that country. China is perceived as having played a constructive role in this matter, which will resound to the benefit U.S.-China relations. No changes in regard to Taiwan should be expected no matter who wins. In the event that it is Kerry, the pro-Taiwan faction is the Republican Party may feel freer to voice their support for the island, as well as their concerns about Chinese intentions. They also could be expected to return to the issue of China's military modernization effort.

In sum, after the election U.S. policy toward China will be essentially unchanged no matter who wins, except that trade disputes may well heat up. In other areas the relationship will remain stable assuming China continues to play a constructive role vis-à-vis North Korea. ■

The views expressed here do not necessarily represent those of *Beijing Review*



TIGHT CHECK: August 1, a New York police officer stands guard outside the Citigroup Center as new intelligence about a possible Al Qaeda attack against major corporations or high-profile buildings in Manhattan. Terrorism is among top concerns of American voters this year

Critical Point

Looking at examples from other regions of the world, China's development has reached a crucial place. What is the way forward?

It can be seen that the biggest difference between Latin-American nations and European and American countries is that the latter's economic advancement resulted in the whole society's common prosperity, while that in the former plunged nearly half of the population into poverty. What are the relations between Latin-America's extreme poverty and its economic stagnation and fluctuations? It seems the answer can be found from the history of economic development.

The United States before October 1929 enjoyed successive years of economic boom. The media and economists believed the U.S. economy had rid itself of any economic crisis, so they never stopped giving publicity to permanent prosperity. Government officials promised a rosy future to the public in which each household would possess two cars. The conclusion was based on these facts—in a decade the U.S. economy grew by over 50 percent, and the average annual industrial growth rose nearly 4 percent (the situation was quite similar to that of Latin-America before 1998).

But some discordant economic figures and phenomena were neglected—the proportion of agricultural income to the gross national income was 16 percent, and by the end of the 1920s farmers began going bankrupt in large numbers, with their income declining sharply (about one-third of the per-capita income of the country). The gap between the rich and the poor was thus widened noticeably. Meanwhile, the unemployment rate rose continuously to hit a record of 25 percent. Behind the economic prosperity, 60 percent of families barely had enough to eat. At the same time social mores were going downhill rapidly.

Then came Black Thursday, a day that will remain forever in the memory

of Americans. President Herbert Hoover, a follower of liberal economics, was at a loss of what to do in the face of the crisis.



When a pure market economy develops to a certain stage, it will reach a critical point, and that was the crisis point experienced by the United States in 1929. The history of economic development seems to have proven that those that have crossed this critical point are today's Euro-American countries; while those that have not done so are today's Latin American countries.

In a period before the critical point, normally there is a fairly big rise in industrial efficiency. The explanation of this is that the integration of the internal industrial structure and product marketing, a low cost supply-demand relationship and a gradual improvement of technology and technique, has led to an increase in profits. This, when manifested in a micro-

economy, is aimed to pursue efficiency and gradually remove personnel from their work posts, thus generating a huge number of unemployed. Increase in the unemployment rate is a direct cause of the gap between the rich and the poor, this being the root cause of social injustice resulting from the connotative growth of capital. Economic development benefits some people, while elbowing another sector of the people out of the ranks of the beneficiaries.

Under a certain market capacity, the widening of the rich-poor gap means no way out for products; this is the very economic crisis described by Karl Marx. The economic development mode characterized by pure pursuit of efficiency would weed out some social members from the circle of economic development, which would intensify the trend of increased capital profit rate and decreased salary for workers. This is the principle explaining why economic development purely pursuing efficiency in divorce of social responsibility will inevitably entail polarization between the rich and the poor.

That's why it is said that polarization is a by-product of capital, in pursuit of efficiency. Following this train of thought it seems possible to prove the relationship between efficiency and polarity being a kind of supply and demand relationship, where the converse application is also workable. For example, "allowing some people to get rich first" is a method of striving for efficiency, and the method of dual urban-rural structure also conforms to this principle. Efficiency can be generated by the method of whether to artificially or naturally restrain people from entering into the economic cycle. Liberalists confined economics to the scope of economic activities and neglected the fact that economic development is a part of the social system. They refused man-made rational interference and the result of allowing capital to pursue profit is the creation of numerous social problems resulting from the polarization of high efficiency.

Fortunately, during the time of great depression the United States embraced the new Roosevelt administration, whose most effective policy was to offer "relief." In the form of government deficit, the nation made extra-large investments, with the government expenditure rising from \$13 billion in 1933 up to \$103 billion during World War II. Ordinary laborers were allowed into economic activities by a



SPENDING POWER: Tourists in search of silver jewelry in Buenos Aires, Argentina, add value to fluctuating economies of Latin America

work-relief program. The move was followed by a similar wartime system. These are direct causes that helped the American economy step out of an unemployment crisis and became the economic power as it is today.

The practice most worthy of use for reference here is to eliminate polarity. Its economic meaning is that it extended economic activities beyond just a privileged few in advanced control of resources and benefited the majority of people, for only when the dual role of human resources as consumers and laborers is given full play can it be the base and reason for the expansion of the economy. Surplus value is man made, so only when man's economic activities effectively increase can it be the cause of the accumulation of social wealth.

The most brilliant achievement of liberalist economics is the supply of a theoretical basis for the privatization action in the times of Britain's Iron Lady, Margaret Thatcher. The process of economic development to which this theory was introduced is a process of increasing efficiency while neglecting economic and social responsibilities, and is an action in opposition to the rational construction of humanity. Thatcher's privatization was workable. The solution of the question of surplus justice by the use of efficiency in China's reform and opening-up process is also a way, as the two have the same meaning in economics.

Liberalist economics can create a short

period of economic boom at a time when there is too much fairness, but such prosperity, in most cases, can only last briefly on the basis of the original scale. Some measures adopted in compliance with the nature of selfishness can improve management and stimulate man's enthusiasm for labor. But after this sort of hardware resource is used up, new economic progress would exclude most people from participation in distribution, full expression will be given to the selfish characteristics of capital, and serious losses will be incurred to social responsibility.

In Latin-America nearly half of the population are living in poverty, and the economy is plagued by sustained fluctuations—this proves that the critical point has not been surmounted, contrarily, due to the lack of remedial political measures, the impoverished population has kept increasing and consequently touched off political instability. In the process of the emergence of such a predicament, the shadow of liberalist economics can be seen—a group of economists who had advanced studies in Chicago University learned the whole set of liberalist economics. Their difference from the critical point of the United States is the new problems facing current Latin-American economies, i.e., international market orientation and international political intervention. The direct cause of the emergence of left-wingers in these countries was that they have begun to perceptually realize the danger of liberalist economics, attempted to try some new devel-

opment methods and hoped to take some left-deviation policies to defuse contradictions.

In crossing the critical point, European countries did not manifest themselves in such pronounced form as the new Roosevelt administration did. But Europe's socialist movements helped countries there to cross the point in a progressive way. For example, they used law to protect laborers' rights and interests and increased social security and welfare.

Now it's easier to understand China's economic question. A look at China today can find similarities between China's unemployment rate, and the number and income of its impoverished population, to that of Latin-American countries. Many places in China are surprisingly close to the United States in its economic and social problems in 1929, such as the proportion of agricultural income to GDP and the proportion of farmers' per-capita income to average social income are almost equal. Take another example. The unemployment rate and the moral issue have become problems of serious concerns to society. These features represent a signal that China's economy is entering the critical point. The point is not about the fact that to cross the critical point in China will take \$1,000 per-capita GDP, the United States reached the point at \$200 per person and Latin-American countries at \$4,000. If a large-scale inflation breaks out now and plunges people at the bottom rung into dire poverty, the consequence will, of course, be very serious.

Evidently, the fundamental way to avoid the Latin-American style situation is to build a strong national industrial system to bring more people into economic activities. It requires us to complete reform to the investment system as soon as possible and kick off large-scale economic construction. China's new government made a landmark move in the crucial period of economic development and the Third Plenary Session of the 16th Central Committee of the Communist Party of China took a memorable turn in the process of China's economic advancement. Understanding we need to always "put people first" in the scientific development concept is a political tactic successfully preventing China from falling into the same pit as Latin America. ■

People's Daily Online

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Tibetan Festivals

Festivals and holidays have always been an intrinsic part of Tibetan ethnic culture, with many of these centuries-old auspicious occasions having their roots in religious or folk customs. Some festivals have been around for so long that their origins are blurred and even escape the memories of village elders. What hasn't been forgotten is the profound and distinct cultural meanings that have endured hundreds and even thousands of years. These traditions provide a unique opportunity for tourists and researchers to experience a slice of life on the roof of the world.

By FENG JING

People in Tibet find reasons to celebrate something almost every month. The starting or ending of a season, religious ceremonies, farm work, commemorations, social activities, cultural entertainment and sports are all possible reasons for a celebration.

People working in cities have days off on official national holidays and important traditional Tibetan festivals like the Tibetan New Year (Losar) and Shoton Festival (Yogurt Banquet Festival). Farmers and herdsman, however, have more freedom and flexibility to arrange their work and life so as to attend as many occasions as possible.

Lingka Festival: Getting Close to Nature

On the Qinghai-Tibet Plateau, summer

is definitely prime time. The weather is pleasant. Trees and grass paint the countryside green. People gather outdoors in almost every open area, along riverbanks and beside lakes. Groups of family members and friends sit around in tents, on blankets or plastic sheets, and relax in the sunshine and enjoy nature. This is Lingka Woods Festival, a traditional Tibetan holiday favored by both ordinary citizens and lamas.

The festival doesn't have a fixed date to begin or end and is based on the legend of the Indian monk named Padmasambhava, who "conquered all evil" in the fifth month of the Tibetan Year of the Monkey.

According to the lunar calendar used by locals, the festival generally starts around the middle of fourth month, reaches a climax during the Shoton Festival on the first day of the seventh month and then ends during the Bathing Festival in the first half of the eighth month.

HEADING FOR THE LINE: Two riders spur their horses on in the gallop to the finish at the Dama Festival

In different Tibetan-inhabited areas the festival has different schedules, customs and even names. For example, in Gannan Tibetan Autonomous Prefecture of Gansu Province, this festival is known as Xianglang Festival.

Worshiping and entertaining are the two themes that dominate festival activities

In Ganan, an important part of the festival is called weisang, a ceremony of baking foods like ghee (clarified butter) and fried noodles in cypress fires. While the food cooks, men will ride their horses around the fire, shooting into the air, which is then filled with a mixed aroma of burning wood, butter and flour. Another activity is to insert wooden arrows, as long as a dozen meters, into wood fences placed at the top of a hill. For Tibetan people, these actions are designed to show reverence to Buddha and wish for a happy and long life.

Lingka Festival is also for drinking qingke barley beer and buttered tea, talking with friends, singing and dancing, playing cards or chess and watching horse racing or archery. Ladies, often in groups, ►►

wash clothes in the river. After spreading the wet and clean clothes over the grass and rocks, they will lie on the grass, drinking, eating and talking. Blue sky, gentle wind, bubbling water, all these form a beautiful picture that fascinates everyone in it. Some Tibetan families choose to camp out during the festival. White tents with auspicious patterns are frequently seen on scenic landscape.

People living in cities like Lhasa, capital of Tibet Autonomous Region, have their modern way of celebration. By car, mule, horse, or bike, people stream from downtown to the suburbs for a picnic. Those who remain in town will probably watch TV or videos, go to the theater, sing karaoke, play computer games or billiards.

The costumes people wear during the festival are quite eye-catching. Men's clothes are relatively simple with black or brown as the main color, bordered by colorful trimmings with manual embroidery. Women's costumes, however, are tinted with strong and contrasting colors like red, green, yellow, white, black, blue and purple. Embroidery, gold and silver jewelry, and jade decorate the flamboyant cos-

PHOTOS BY FENG JING



WHAT A SHOW!: Tibetan boys enjoy the performances of the Dama Festival

Main Tibetan Traditional Festivals

The timing of all festivals is given in accordance with the Tibetan lunar calendar, which is similar to the Chinese lunar calendar. Usually a Tibetan New Year starts on a certain day in January or February.

First month

Tibetan New Year (Losar) This weeklong festival starts on the first day of the month. It is an occasion when Tibetan families reunite and look forward to a better year ahead. Special offerings are made to family shrine deities; doors are painted with religious symbols and people clean up their homes and the environment in preparation of the event. On New Year's Eve, Tibetans eat a range of wholesome foods made from a barley flour base (guthuk), all with various stuffing. After dinner, people prepare for the coming of the New Year. Before dawn on New Year's Day, housewives fetch their first buckets of New Year water and prepare breakfast. After dressing up, people open their doors to receive

blessings before heading for the monasteries. People visit their neighborhoods and exchange traditional Tibetan greetings of Tashi Delek during the first two days. This is also the time of general feasting. On the third day, old prayer flags will be replaced with colorful new ones. Other activities may be held in some areas to celebrate the event.

Grand Summons Ceremony (Monlam Festival) This ceremony, held on the third-15th day, is the biggest religious festival in Tibet. Tsong Khapa, the founder of the Gelug (Yellow) Sect of Tibetan Buddhism, established the event in 1409. In Lhasa, an offering carefully crafted from butter and over 10 meters high was traditionally put in the Jokhang Monastery, where monks gather to chant and perform religious dances. An examination for the Geshe degree (the highest academic degree in Buddhist theology, equivalent to a doctorate) is held, taking the form of sutra debates. Pilgrims crowd to listen to sermons and make religious donations.

Butter Lamp Festival falls on the 15th day and is traditionally seen as a celebration of the victory of Sakyamuni against heretics in a religious debate. Various giant butter and Tsampa (com-

pressed barley flour) sculptures, in the form of auspicious symbols and figures, are displayed on streets. People sing and dance throughout the festive night.

Second month
Treasure Displaying Festival falls on the Eighth day. During the festival, *tangkas* (religious silk paintings) and treasures are displayed.

Fourth month

Saka Dawa Festival Held on the 15th day, this is the most important festival for Tibetan Buddhism to commemorate Sakyamuni's Buddhahood and the death of his mortal body. At every monastery, sutras are recited and "Cham" dances are performed. It is said that good deeds in the month of this festival deserve 300 fold in return and this leads many people to donate large sums to monasteries. People release all animals from captivity and keep from killing animals or eating meat. It is said that some 1,300 years ago, Princess Wencheng of the Tang Dynasty (618-907) arrived in Tibet on this day to marry Songtsan Gambo, King of the Tubo Kingdom, modern



tunes. For Tibetan women, the festival is a perfect time to show their clothes and ornaments, which may well be worth tens of thousands of yuan.

Gyangze Dama Festival

Early morning on July 24, Puzhub and his family got ready for the long trip in their truck to horse racing in Gyangze County. It was the last day of the five-day Dama Festival in that southwest Tibetan

county and the family was keen to be at the closing ceremony.

The Dama Festival has been held in Gyangze for the past 500 years. Dama means horse riding and archery in Tibetan. It is said that the festival started in 1408 when a local religious leader held ceremonies to commemorate his honorable grandfather. The festival was reorganized in 1447 to add sports like horse racing and archery that retain their original forms to

today.

In the past, the festival was organized around the 19th day of the fourth Tibetan lunar month. Now it more often takes place from July 20 when there is less farm work and lasts for about one week.

In addition to sports like horse racing, archery, shooting and football, the festival boasts a large fair and folk performances, which is a favorite of tourists.

Horse riding is the most attractive activity. Riders are local youth aged from 12 to 18.

King Gesar, a historic Tibetan hero, was said to come out victorious in a horse race, whose winner at that time would become king of the land. It is no longer the case today, but to either the athletes or their families, or even their villages, winning a horse race is still a great honor.

Thousands of people hurried to the horse racing from villages all around Gyangze this year. The racetrack lays along a flat river valley surrounded by a range of mountains. It is 1,000 meters long and constructed from hard dirt ground. On one side is a metal fence that separates audiences from the race. On the other side



DRESSING UP FOR THE OCCASION: Tibetan women put on their traditional chupas frocks as they prepare to watch the horse race

Tibet. People and monks in some areas refrain from talking, eating or drinking during the festival.

Fifth month

Lingka Festival According to tradition, the Lingka Festival started from the 15th day. Tibetans, who love the outdoors, camp out in the lingka (woods) along the Lhasa River and celebrate their connection with nature. This activity is called "playing in the Lingka" or the "Lingka Festival."

Buddha Unfolding Festival It is celebrated in Tashilhunpo Monastery on the 14th-16th day. Giant *tangkas* of

Amitayus, Sakyamuni and Maitreya are displayed on the monastery's Tangka Wall. Thousands of pilgrims rush to the monastery to give their offerings to the Buddha and accumulate merits. The tradition has lasted for 500 years.

Universal Prayers Festival Celebrated on the 15th day, the event is to commemorate Padmasambhava's conquest of evil spirits and the founding of Samye Monastery. People go to monasteries and burn juniper branches as a sign of worship.

Sixth month

Paying Homage to the Holy

Mountain Festival Falling on the fourth day, it is to commemorate Sakyamuni's first teaching at Bod Gaya in India that he gave at the age of 35. After visiting monasteries, Tibetans then proceed to enjoy a picnic. Dancing and singing are also part of the activities.

Seventh month

Shoton Festival (Yogurt Banquet Festival) Shoton Festival, originating in the 17th century, begins on the first day of the month. When monks ended their summer retreat, pilgrims came to serve them with yogurt. Later, Tibetan opera performances were added to the event to entertain monks in monasteries. During the festival, giant *tangkas* of the Buddha is unveiled in Zhaibung Monastery and Tibetan opera troupes perform operas at Norbu Lingka (the Dalai Lama's former summer palace). Today, some areas in Tibet trade during this festival.

Bathing Festival usually starts on the 6th day and lasts a week. With Venus appearing in the sky, Tibetans bring food and set up tents along rivers, in which they can bathe themselves under the light of the stars. The holy bath is considered to be able to heal disease and get rid of misfortune. This tradition

is a tall wall beyond which lies a gently sloping hill, a great vantage point packed with onlookers.

At 10 a.m., racing began. Riding horses decorated with bright ornaments but without saddles, riders took up their positions and prepared for the 3,000-meter race. There were several heats. At the gun shot, five horses leapt across the starting line and the crowd began to shout. After four preliminary rounds, 12 riders made it to the finals, in which the first six would be awarded prizes.

A 16-year-old boy became the new champion. At the finishing line, his relatives gathered around him, presenting *hadas* (white silk scarves) to express their respect and congratulations.

In a corner, another boy cried at his loss. A smiling man consoled him.

The winner, who was studying in a junior middle school, said later that ano-

ZEST OF COLOR: Wearing ceremonial headgear and elaborate costumes seldom seen by the public, these Tibetan knights parade at the closing ceremony of the Dama Festival



BARGAIN HUNTING: Buyers are able to choose from a variety of goods at the market fair of Dama Festival

started about 800 years ago.

Eighth month

Nakchu Horse Race Festival This is the most important folk festival in Tibet. People gather in Nakchu town

and erect a tent city. Dressing themselves and their finest horses in finery, thousands of herdsmen participate in a thrilling horse race, archery and horsemanship contest. Other



FAMILY REUNION: Puzhub and his seven family members enjoy their picnic at the Gyangze Dama Festival

activities and trade fairs are also held.

Harvest Festival This festival is celebrated for one to three days when crops ripen, only in farming villages early early in the month. People walk around fields to bless the harvest year. Singing, dancing, and horseracing are indispensable activities. After



the festival, the autumn harvest starts.

Ninth month

Labab Duechen It falls on the 22nd day and celebrates Sakyamuni's descent from the god realms into his mother Maya's womb. On the day of this festival, the number of pilgrims visiting monasteries and other places of sacred significance increases substantially, as this also corresponds with the agricultural off-season.

10th month

Fairy Maiden Festival This festival falls on the 15th day. Many religious activities are held. Tibetan women regard it as their own holiday, so they are more active and energetic than men. During the festival, Tibetan women gather in Lhasa around the Jokhang Monastery to pray for a happy marriage and true love.

Tsong Khapa Butter Lamp Festival Celebrated on the 25th day, thousands of butter lamps are lit on

er of his dreams was to go to university in Lhasa.

Next to the race track the market fair was doing bustling business. Street vendors wailed out, promoting their wares. Loudspeakers and tape recorders blasted out messages advertising a wide range of goods, creating a chaotic, vibrant atmosphere. Most of the stands offered commodities like clothes, cooking utensils, toys and crafts.

According to local officials, the fair has been largely promoted by the government in recent years and very welcomed by locals. Vendors come from counties and cities to trade with farmers and herds-men every year. This year, 396 vendors took part in the fair and trade volume exceeded 4 million yuan (\$483,092).

After watching the horse racing, Puzhub and his seven family members made for the county square where they set up a makeshift shed with plastic sheets, for protection from sun and rain, and then spread out their drinks and food. Theirs was just one of hundreds of shelters and

tents. The joy on faces told the story. It was a time to kick back, eat, drink and celebrate.

A young Tibetan policeman was in charge of the security. According to him, about 30,000 people came here from surrounding villages, less than the average 50,000 because some major roads were under renovation.

There was not much farm work at this time of year, said Puzhub, so they came to the square everyday. "We like it here," he said. His family celebrates the festival the same way every year. His elder son and daughter don't join them very often because they work in the city and have a tight schedule.

The closing ceremony began at 2 p.m. Groups of performers wearing a variety of costumes and representing different areas or organizations paraded to the delight of the crowd. Among them, were knights riding handsome horses, women singing and dancing, lamas playing religious music and children performing modern gym. It was a time to remember. ■



PHOTOS BY FENG JING

ON CUE: Tibetans love to celebrate their traditional festivals with new, modern games like billiards

rooftops and prayers chanted to remember the passing away of Tsong Khapa. One of the greatest religious figures of Tibet, he founded the Gelug (Yellow) Sect of Tibetan Buddhism, which revived Buddhism in a more orthodox form.

12th month

Ghost-Exorcising Festival To drive away evil spirits and to welcome the

New Year, the Ghost-Exorcising Festival is held on the 29th day. Such activities as trance dancing are held in monasteries throughout Tibet. Tibetan people usually clean and sweep their houses on this day. Torches are lit and people run about and yell to chase any evil spirits from their homes.

Apart from the above-mentioned festivals, Tibetan people consider the eighth, 15th and 30th day of each

It's Getting Hot Again

Figures show fixed asset investment rebounding in July, indicating administrative controls might be no antidote to macroeconomic adjustment

By XIAO TANG

It appears by all accounts that China's investment frenzy—the primary factor that is troubling the Central Government in the latest round of macroeconomic adjustment—is making a comeback.

China's fixed asset investment, led by local governments, rose by a scorching 53 percent during the first two months this year, driven by strong demands in certain sectors, such as steel and property.

The blazing trail lost some momentum when the growth slipped to 43 percent in March and then plummeted to 18.3 percent in May, strongly suggesting the Central Government had made drastic administrative adjustments to cool down the sizzling economy.

But the official figure climbed back to 22.7 percent in June. July's figure has not been released by the National Bureau of Statistics (NBS), who did release the growth rate for the first seven months: 31.1 percent year on year. According to an estimation from JP Morgan Chase, the July figure climbed back up to 32 percent.

Banks' Fears Becoming Reality

Rebounding despite administrative controls, what most international investment banks feared would happen over the last few months, seems to be true.

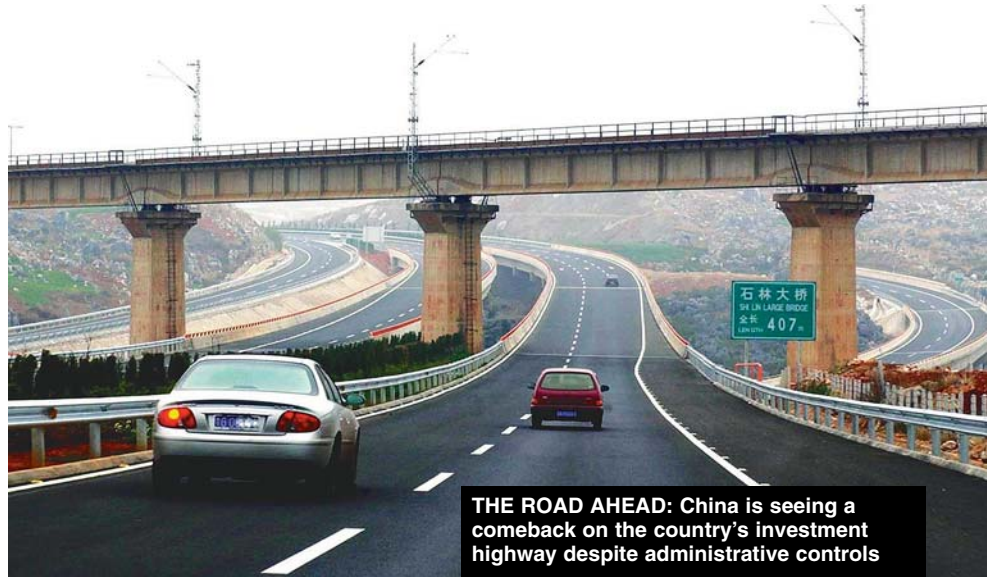
Investment banks noted that re-acceleration of investment was inevitable after administrative controls were relaxed. This is because no financial measures, such as an interest rate hike, are being taken to supplement administrative measures, which spearheads the latest round of macroeconomic adjustment.

They believe the low cost of money lending cannot quench the urge to invest.

China's benchmark one-year deposit rate is 1.98 percent, while its one-year lending rate is 5.31 percent.

Tao Dong, an economist with investment bank Credit Suisse First Boston (CSFB), said macroeconomic adjustment, which mainly aims to curb supply, is not a solution to the investment craze. As demand remains still strong, investment recovery is unavoidable.

His views were echoed by Yuan Gangming, a senior economist with the



THE ROAD AHEAD: China is seeing a comeback on the country's investment highway despite administrative controls

Chinese Academy of Social Sciences. Yuan cited steel prices jumping back after a brief drop off, and property price rising constantly without signs of slowing down as indicators that, as long as market demand is strong, investment is most likely to rise.

According to figures from the central bank, the People's Bank of China (PBC), steel prices in July rose 2.1 percent from June, up 18 percent from a year ago.

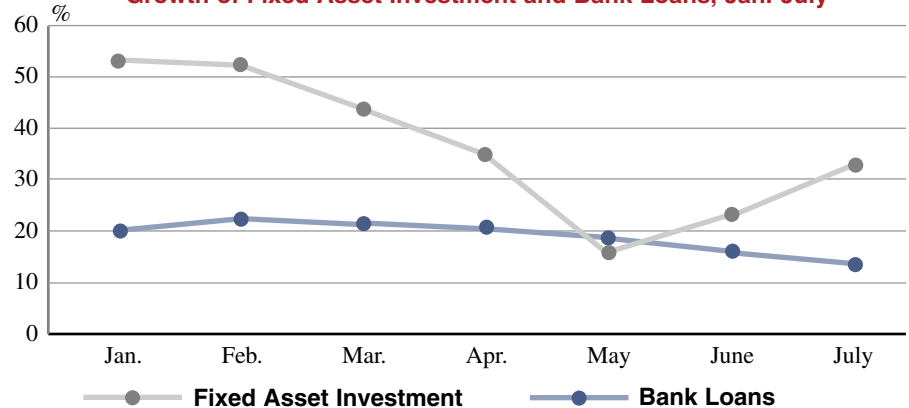
A recent field survey by the NBS indicated the average property price in 35 cities increased 10.4 percent in the year's second

quarter compared with a year ago. In Shanghai, the growth figure during the same period reached an astonishing 20 percent.

"Administrative methods don't work well on market rules," Yuan pointed out.

Though most analysts are pessimistic about the effect of macroeconomic adjustment, some experts are relatively cautious. Song Guoqing, a professor at Peking University, said it's still too early to reach a conclusion based on only two-month figures. "It requires more observation," said Song.

Growth of Fixed Asset Investment and Bank Loans, Jan.-July



Where's the Money Coming From?

Countering the rising investment growth, bank loans continued to fall in July. According to the central bank, loans increased by 15.9 percent in July, 7.3 percentage points lower than that a year ago. The figure stood at 16.7 percent, 19 percent and 20.4 percent, respectively, during the previous three months. Outstanding loans at the end of June decreased by 144 billion yuan (\$17.39 billion) from that of May.

ing exclusively on bank loans, been resorting to private, even overseas, funds to quench their thirst for money," Yuan said. "Private companies are more flexible in this respect."

Figures from the State Administration of Foreign Exchange show capital inflow increased by over \$30 billion during the first half of this year. Most of it has been transformed into investment, added Yuan.

Meanwhile, the slide in individual savings and corporate deposits also suggest pri-

ing outside China's banking system partly due to the government's credit curbs aimed at cooling down growth, drawing attention from government officials and economists.

Such a diversion of deposits out of banks could have been welcome to those financial authorities encouraging spending and equity investment, but may not be so if a big part of the outflows turns out to be financing underground lending markets or pushing up already high property prices, analysts say.

The growth in bank deposits by Chinese households has been sliding for the past five months, a phenomenon rare in recent years when they rose rapidly as a result of robust economic growth.

Increases in savings deposits totaled 17.8 billion yuan (\$2.1 billion) in June, down 43.2 billion yuan (\$5.2 billion) from the same period last year.

"This deserves our attention," said Guo Shuqing, Deputy Governor of the central bank at a forum in late July.

Inventory Surges

Experts also point out that the surge in corporate inventory and overdue receivables, sparked by liquidity difficulties due to credit curbs, has become a worry. Their concerns are shared by the central bank.

PBC Vice Governor Guo Shuqing said that the central bank has noticed the soaring of corporate inventory, which grows currently at over 20 percent, against less than 5 percent in January last year.

The inventory should decrease after the economy cools down, but now it is rising, noted Guo.

Official figures show corporate inventory jumped by 22 percent by the end of June, of which raw materials grew 25 percent and products by 16 percent.

The inventory surges are followed inevitably by the increase of overdue receivables.

According to the NBS statistics, overdue receivables of industrial enterprises amounted to 2.03 trillion yuan (\$245 billion) by the end of June, up 18.7 percent from a year ago.

Tao Dong of the CSFB warned if the government-ordered one-size-fits-all cut in bank loans continues through the second half of the year, a large-scale payment crisis might lead to massive bankruptcy of private companies.

Yet Yuan Gangming reacted cautiously to Tao's views. He said the future credit policy would have the final say. As the central bank has not raised the interest rate and demand, especially in the property sector, remains strong, corporate inventory can be dumped in several months. But if the demand weakens and the inventory increases by a large margin, a crisis might be difficult to fend off.

The macroadministrative controls now have no way to back down, and the authorities should adjust the interest rate to a rational standard, said Tao Dong. ■



PROPERTY FRENZY: Property prices are rising with no sign of slowing down

So, why is fixed asset investment rebounding regardless of the declining growth rate of bank loans?

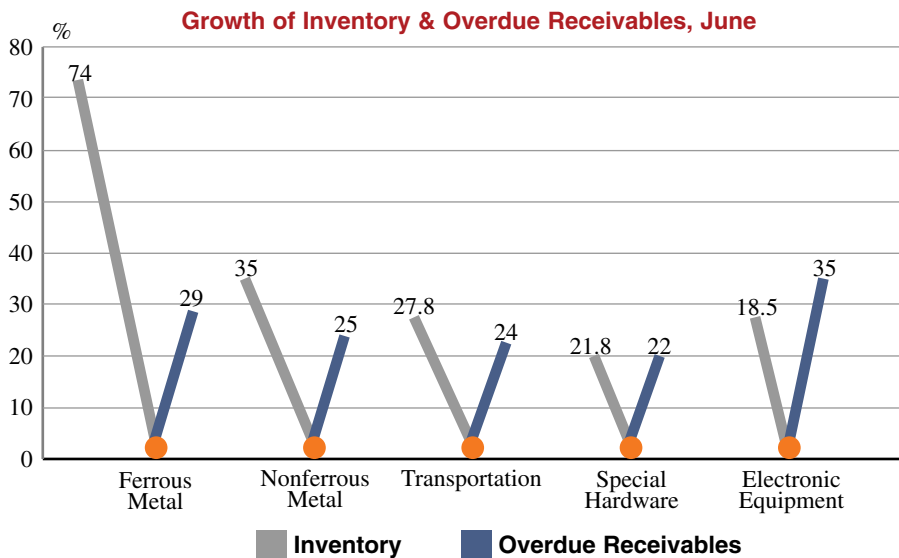
According to Yuan Gangming's explanation, enterprises and companies are searching for new financing channels to bypass the tightening credit policies.

"Many companies have, no longer rely-

vate funds are bypassing banks and pouring into investment.

An analyst with JP Morgan Chase concluded that the de facto negative interest rate encourages enterprises to find other financing channels, so as to offset the impact of tightening credit policies.

Growing amounts of funds are circulat-



By LAN XINZHEN

State-owned commercial banks' monopoly of automobile loans will soon be broken, according to the Administrative Rules for Automotive Loans, promulgated by the People's Bank of China (PBC), the country's central bank, on August 17. The measures apply not only to state banks, but also to all other commercial banks, urban and rural credit cooperatives and qualified non-banking financial institutions. Under the new rules,



Shock Therapy

China's central bank to open auto loan business to foreign capital

which will go into effect on October 1, Chinese and foreign loan providers will compete on an equal footing.

Big Changes

"Compared with the auto loan policies in 1998, the most significant change is that the new measures have eased restrictions on the ownership of the loan providers," an official with the PBC comments.

China's first regulation on auto loans was enacted by the PBC in 1998. When China initially launched its auto loan policies, the PBC limited the privilege of extending auto loans to state-owned commercial banks in order to protect them from financial risks. However, the new measures explicitly stipulate that commercial banks, all credit cooperatives and qualified non-banking financial institutions will be able to provide auto loans. Rights are also given to foreign-funded banks that handle RMB currency and foreign-funded auto financing firms.

"Another change to note is that foreigners are also allowed to buy cars on credit in China," the official continues.

The new guidelines classify borrowers either as individuals, auto dealers or institutions. For the first time, law regarding individual borrowers will not discriminate based on citizenship. One stipulation though is a borrower must have resided in the Chinese mainland for one straight year or longer at the time of application.

Chen Songshi, a research fellow with

the China Association of Automobile Manufacturers, optimistically points out, "The two changes will push China's auto loan business closer and closer to the international standard. They may hopefully invigorate the presently sluggish Chinese auto loan market."

Market Potential

Statistics from the PBC show that the outstanding balance of auto loans amounted to 183.3 billion yuan (\$22.14 billion), 10.2 percent of all loans for consumption among all financial institutions. According to figures released by the Agricultural Bank of China, its outstanding balance of auto loans increased by about 3 billion yuan (\$362.32 million) in 2003. It had an average monthly growth of between 200 million yuan (\$24.15 million) and 300 million yuan (\$36.23 million), with the highest monthly growth at 600 million yuan (\$72.46 million).

However, cars purchased on credit account for less and less of total auto sales. According to statistics, cars purchased on credit accounted for 40 percent of all auto sales in 2003. This declined to about 20 percent in early 2004, diving to less than 10 percent by the beginning of August 2004.

"These figures indicate the number of cars bought on credit has not increased, although overall auto sales in China has been on the rise. Therefore, the potential for China's auto loan industry is huge," says Chen.

China's per capita gross domestic product (GDP) has exceeded \$1,000. This unprecedented purchasing power should translate into more Chinese buying cars. In recent years, China has witnessed a growth rate of 20-35 percent or higher in auto sales. In developed countries, over 80 percent of consumers acquire their cars on credit or by leasing. Based on this, auto loan could amount to hundreds of billions of yuan annually.

Foreign Capital: A Last Resort

GMAC-SAIC Auto Finance Co. kicked off business in Shanghai on August 18. It became the first auto-financing firm established after the promulgation of the new guidelines, which the China Banking Regulatory Commission (CBRC) has decided to implement immediately. At its opening ceremony, the company concluded its first deal, granting a 3-year loan of 160,000 yuan (\$19,323.67) to Hua Jian, who purchased an Excelle, with a 30 percent down payment and the same interest rate as other commercial banks.

Based in Shanghai, the company is a joint venture of General Motors Acceptance Corp (GMAC) and the financial unit of Shanghai Automotive Industry Corp (SAIC). Its registered capital totals 500 million yuan (\$60.39 million), 300 million (\$36.23 million) contributed by the former and the rest by the latter. In collaboration with other auto dealers, it will start operations in Shanghai.

According to Richard Clout, President of GMAC International Operations, China's car loan business has enormous growth potential. He says that they will bring their

**THE NOVEL IDEA OF CREDIT:
Two women discuss the
prospects of buying a car on
credit, which is still a fairly new
idea in China**

over 85 years of expertise to the business, as well as their innovative financial products.

Apart from GMAC-SAIC, Volkswagen Credit also received a formal approval from the CBRC for going into business.

So far, four multinational auto-financing firms have got the nod from the CBRC to start business in China, including Honda Credit, Ford Credit, in addition to GMAC and Volkswagen Credit.

The fact that the CBRC put the new guidelines into practice well ahead of the initial schedule speaks of the state bank regulators' eagerness to reform the auto loan sector,

which has fallen into recession since last year. The move seems to indicate that unblocking foreign capital into China's auto loan sector was a last resort by regulatory organs attempting to kick stagnated business into high gear.

Caution Against Risks

The newly released rules have forced risk management in the auto loan sector. One chapter is specially devoted to "risk management," requiring loan providers to establish a credit-rating system for applicants. Also required in this section is the establishment of an early warning system to monitor risks, further separation the examination of applicants from granting loans, classification and monitoring of debtors, and promotion of information exchange throughout the sector, among other things.

The slump in China's auto loan business can be attributed to the high risks of loans. The measures issued in 1998 ushered in a rush for cars in the country. Some commercial banks, in their desperate pursuit to expand loans, relaxed their assessment of clients' credit standing. As a result, these banks ended up giving out many bad loans, as quite a few clients refused to pay back or cheated when applying for the loans. Experts predict that as auto prices drop, lower income car buyers will aggravate this problem. Some joint-stock banks, like China Merchants Bank and China Minsheng Banking Corp., have halted granting auto loans in some of their offices.

Business insiders believe that an immature market constitutes the greatest challenge in the development of the country's auto loan business. First, there is a dire absence of an adequate credit-rating system. There is no established rating system efficient enough to judge individuals' credit standing. On top of this, the concept of credit has yet to be popularized among Chinese consumers. Insurance companies and commercial banks have long been haunted by the country's extremely poor credit system, so will auto loan providers.

Second, the underdeveloped capital market will be a stumbling block for auto loan providers in their attempt to introduce financial products.

Third, China's financial market is far from satisfactory. For instance, the country's interest rates are not completely determined by the market and, therefore, the room for fluctuations in loan rates is relatively small. Auto loan firms are still subservient to the CBRC.

"All these problems will result in risks for loan providers, thus adversely affecting the development of China's auto loan business. So, while opening up the market, we have to be alert to the risks an open market may incur," says Chen Shixiong, a research fellow with the China Association of Automobile Manufacturers.

**Trans-China Linde Forklift Rally
A Home Coming**

After 90 days of rumbling and sightseeing, beginning from Harbin, Heilongjiang Province, on May 26, down the eastern seaboard, Linde Explorer traversed more than 4,500 km and arrived at its home, Xiamen, Fujian Province, on August 23. When driving along the beautiful Island Ring Road, the driver was extremely excited by the splendid sights. Across the water, Gulangyu Island appeared small but still lovely. It is known as the "cradle of musicians" and the "island of pianos."

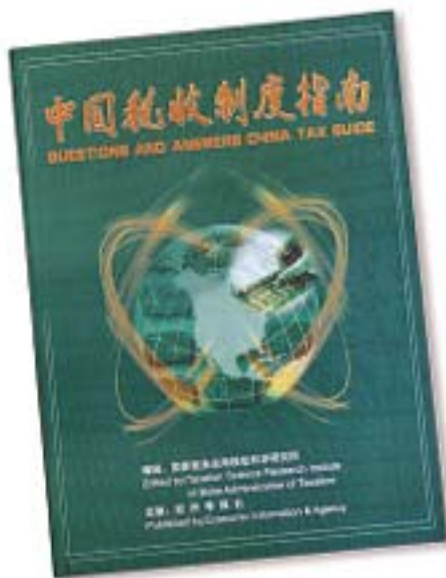
After appreciation of blue sky and fresh sea, Explorer continued on to Linde-Xiamen's forklift offices. The company's staff was on hand to extend a warm welcome. All 500 employees, wearing uniforms, stood to form the company's logo in the square.

Xu Mo, Vice Mayor of Xiamen, came to attend the arrival ceremony and express his congratulations. Local media flocked to the event, arranging interviews and writing reports.

Established in 1993, Linde-Xiamen Forklift Truck Co. Ltd. has become the base for Linde's forklift production, sales, service and technical support. With an expansive factory 220,000 square meters in size, it is the largest forklift manufacturer in Asia, utilizing the most advanced technology and equipment. Over the past decade, Linde-Xiamen has grown along with the fast development of Xiamen.

After its arduous yet sight-filled journey, Linde Explorer reluctantly finished the last leg of





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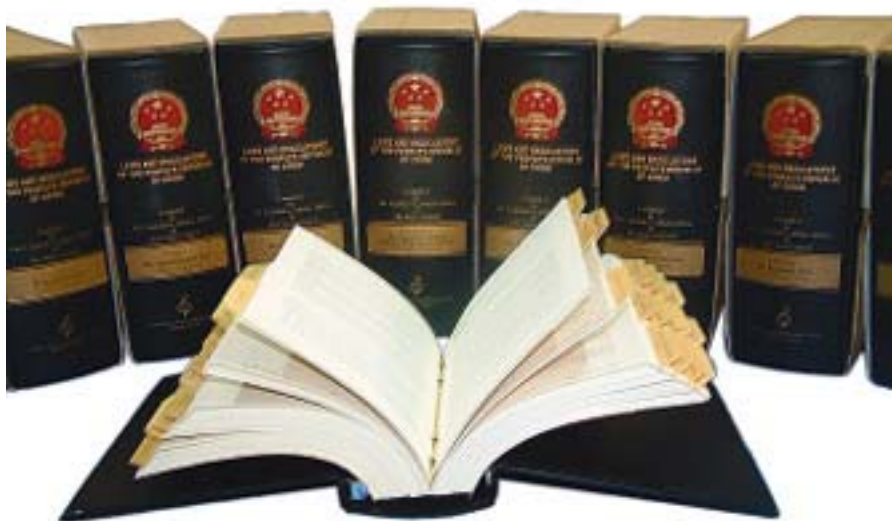
The book is divided into 16 volumes and classified into seven categories, including Constitutional Law, Civil and Commercial Law, Administrative Law, Economic Law, Social Law, Criminal

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The book consists of three catalogue-search methods for the convenience of users—the time sequence of the promulgation of laws and regulations, issue

organs, and the alphabetical sequence of the titles. The translation and publication of the book will help foreigners gain an insight into China's laws and the country itself. In addition, it provides an effective reference for foreigners who engage in economic activities, lawsuits and arbitration issues in China.

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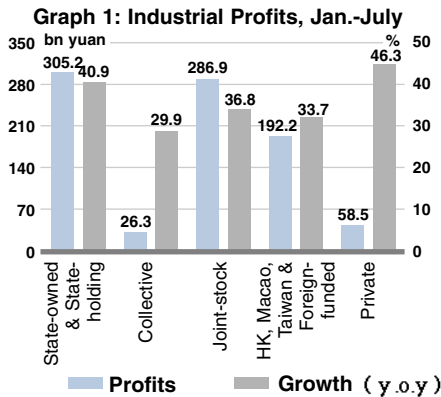
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State of the Market

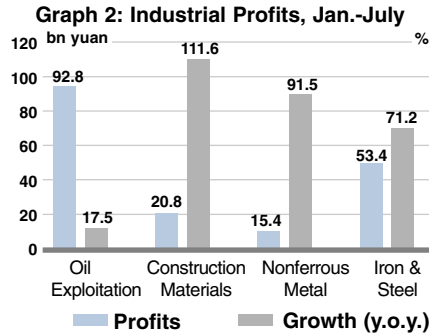
Industrial Profits

From January through July, the combined profits generated by both state-owned and non-state-owned enterprises with annual sales revenue of over 5 million yuan amounted to 608.5 billion yuan, surging 39.7 percent year on year, according to the National Bureau of Statistics (NBS) (see graph 1).



Of the total 39 major industrial sectors, profits in oil exploitation surged while the construction materials, nonferrous metal smelting and rolling processing, as well as the iron and steel sectors, slowed. Rate of oil exploitation growth was 4.3 percentage points higher than that of the first half. Growth rates in construction materials, nonferrous metal smelting and rolling process, and iron and steel sectors were 22.5 percentage points, 14.1 percentage points and 9.2 percentage points down from rates in the first half, respectively (see graph 2).

Meanwhile, losses among enterprises



grew 7.4 percent to hit 76.2 billion yuan, reaching 12.3 billion yuan in July alone, 3.9 billion yuan more than June's final figure. From January through July, state-owned and state-holding enterprises with deficits lost 36.8 billion yuan, 4.6 percent down from a year ago.

Taxes paid by state-owned and non-state enterprises with annual sales revenue of over 5 million yuan totaled 483.6 billion yuan from January through July, jumping 22 percent compared with the same period last year. Of the total, state-owned and state-holding enterprises contributed 305 billion yuan, a year-on-year increase of 18.9 percent.

At the end of July, overdue receivables of industrial enterprises hit 2.06 trillion yuan, expanding 18.8 percent year on year, 7.1 percentage points higher than the figure in the same period last year. Among this total, those of state-owned and state-holding enterprises amounted to 744.8 billion yuan, up 5.9 percent from a year ago.

SOEs

During the first seven months of the

year, 47 major state-owned enterprises in the electronic sector made money in market competition, totaling 190.38 billion yuan in industrial output, a growth of 16.1 percent year on year. The aggregate of major business revenue was 203.34 billion yuan, increasing 17.3 percent over the same period last year. Delivery value for exports and profits amounted to 62.78 billion yuan and 5.89 billion yuan, growing 24.5 percent and 66.8 percent, respectively, compared with the same period last year.

From January through July, after adjusted macro-control policies and increased competition, sales revenue growth of 23 major state-owned medical enterprises continued to slow. The total output value they registered was 31.81 billion yuan, shrinking 2.2 percent from the same period last year. Major business revenue amounted to 62.74 billion yuan, up 13.4 percent year on year, 2.2 percentage points down from the first half rate.

Not severely affected by a policy of dropping medicine prices, enterprises with hi-tech medical products and traditional Chinese medicine continued to perform well, generating profits of 2.87 billion yuan, a year-on-year decrease of 9.9 percent. This figure was 18.3 percent in the first half. Losses of enterprises stood at 120 million yuan, up 20.2 percent.

In the period from January through July, thanks to the high demand of coal for electricity generation, 32 major state-owned coal enterprises had a total output valued at 104.28 billion yuan, jumping 47.7 percent year on year. Major business revenue totaled 115.2 billion yuan, a year-on-year growth of 52.1 percent. Sales ratio of these enterprises hit 108.7 percent, 2.8 percentage points higher than the rate during the same period last year. Profits

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totaled 10.76 billion yuan, 6.54 billion yuan higher than the figure in the same period last year. There was only one enterprise that lost money, while two did in the same period of 2003. Losses reached 50 million yuan, 22.2 percent less than last year.

Growth of revenue and profits of 38 major state-owned metallurgical enterprises continued to drop from January through July. The total output value they registered grew 49.7 percent to 397.48 billion yuan, 2.3 percentage points down from the rate in the first half. Major business revenue totaled 436.29 billion yuan, a year-on-year increase of 52.9 percent, 2.9 percentage points down from the rate in the first half. Profits of these enterprises amounted to 39.26 billion yuan, up 90.7 percent year on year, 5.8 percentage points down compared to the first half.

Sales ratio in these enterprises reached 99 percent, almost equaling the first half's figure. As of the end of July, inventory of finished products valued at 35.75 billion yuan, increasing 54.8 percent year on year, but 6.6 percentage points less than the figure at the end of June.

Within the first seven months of the year, production and sales of 52 major state-owned enterprises in the chemical industry achieved growth of about 30 percent. Triggered by high demand, they registered a total output value of 69.01 billion yuan, up 29.3 percent, which was 1.5 percentage points higher than the growth rate in the first six months. Major business revenue climbed 31.1 percent to 72.01 billion yuan.

Although prices of energy and raw materials rose, which led to an increase of their cost, a chemical products price hike mitigated the impact. Profits stood at 2.83 billion yuan, soaring 69.6 percent. Sales ratio reached 98.8 percent, 0.6 of a percentage point higher than the figure in the same period last year.

Of the total 52 enterprises, 44 saw profits and eight lost money. Losses amounted to 470 million yuan, 80 million yuan more than the losses in the same period last year.

From January to July, profit margins of 25 major state-owned enterprises managing construction materials fell. Profits totaled 2.84 billion yuan, up 170 percent, 49.7 percentage points down from the growth rate in the first half. During this period, they registered a total output value of 26.32 billion yuan, expanding 45.7 percent, 2.7 percentage points lower than the rate through the first six months. Major business had aggregate revenue of 31.07 billion yuan, increasing 47.3 percent from a year ago, 1.6 percentage points down from the figure in the first six months.

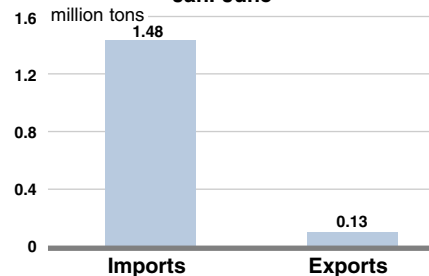
Sales ratio kept almost the same as in the first half, standing at 96.2 percent. Inventory of finished products were valued at 3.22 billion yuan, down 3.1 percent. There were five enterprises that lost money, while seven did in the same period last year, losing 120 million yuan, 30 million yuan less than a year ago.

Wheat

Production of winter wheat recovered this year. Statistics from the Ministry of Agriculture show that in Henan, the province with the largest output of winter wheat, yield was 23.9 billion kg. The year-on-year growth rate of 4.3 percent is a new record. At the same time, purchasing price increased, standing at 0.4-0.7 yuan higher per kg.

Statistics from the General Administration of Customs showed that imported wheat during the first six months was eight times the figure in the first half of 2003 (see graph 3). Since the state will lift value-added tax of imported wheat until the end of this year, and international ocean freight has decreased, costs of imported wheat were reduced. With increased imports—7 million tons contracted—any rise in the price of wheat will be minimal.

Graph 3: Wheat Imports & Exports, Jan.-June



GDP Figure Revised

China's economy saw a growth rate of 9.69 percent in the first half of this year, according to recalculated statistics released by the NBS. This was a minor revision of a preliminary figure that put gross domestic product (GDP) growth at 9.66 percent.

According to the revised statistics, the nation's GDP in the first six months totaled 5.9 trillion, 1.5 billion yuan more than the preliminary figure.

The NBS explained that readjustment in communications, transportation, warehouse, post and other service industries raised the tertiary industry growth rate by 0.1 of a percentage point, or 1.5 billion yuan, in the first half of this year. Other industries showed no changes.

Compiled by WANG JUN

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Surrendering Bribes

Should corrupt officials who give back their bribes be pardoned?

In the war being waged in China against corruption, authorities are examining all possible means of breaking the back of this most debilitating of crimes. Recently, an option for bribe takers that breaks with routine was proposed, in which corrupt officials who return bribes through a proposed national public account within a given time limit could receive a pardon. "That is to say, they would be free from criminal or administrative punishment," said Wang Minggao, leader of the research group, Punishment and Prevention of Corruption in China in the New Millennium.

The research group was jointly organized by the Organization Committee and the Disciplinary Committee of the Hunan Provincial Committee of the Communist Party of China (CPC). In 2003, this group received sponsorship from the National Planning Office of Philosophy and Social Sciences.

After five years of research, the group has put forward a suggestion that the National People's Congress, the CPC Central Disciplinary Commission, the Supreme People's Court, the Supreme People's Procuratorate and the Ministry of Supervision should consider certain measures.

One of the measures is to open a national bank account for bribe-takers to anonymously return their illegal gains at any state-owned commercial bank above the county level.

Two decisions need to be made. One is that no matter what the seniority of the official or how big or small the bribe taken is, if gains are surrendered within the set time limit, these corrupt officials will not be punished. The other decision required is to consider even more serious punishment for those who refuse to surrender their bribes in full within the time limit.

There are another three interrelated measures to be considered. First is to perfect the application and registration system of personal property for state functionaries. Second is to raise salaries to make officials less tempted by bribes.



And third is to establish an effective offense-reporting system with a maximum award of 50 percent of the money recovered.

In early 2000, Ningbo, Zhejiang established such a bank account, named "581." All officials in the city could deposit tainted money they received into this account in assigned banks. When filling in the receipts, they did not have to write their names. The bank receipts would be an indication that they rejected bribes or gifts on their own initiative.

During a one-year period following the establishment of the account, more than 1.8 million yuan (\$217,400) was handed in. After this success, such accounts were opened country-wide.

Statistics from the Disciplinary Commission of the Provincial Party Committee show that during the first five months of 2001 a total of 10.48 million yuan (\$1.27 million) was put into the bank account.

In Jinan, Shandong, an average of 10,000 yuan (\$1207.73) was deposited into the account daily. Within two months of the corruption cases involving the mayor and vice mayor of Shenyang, Liaoning, 4 million yuan (\$483,100) found its way into the accounts.

Despite this success, the system was heavily criticized and, in May 2002, less than a year after the implementation of the accounts, the Provincial Party Disciplinary Commission ordered termination of the project throughout the province.

To date no response from the central authorities has been offered to this suggestion, but there is no shortage of opinions on the matter.

It Helps Fight Corruption

Wang Minggao (research group leader):

According to a survey by procuratorates, taken over a long period, there were far more corruption cases than occurred, in relation to cases of punishment meted out. A huge "bad debt" therefore grew over years in the fight against corruption. I believe that the method can reduce cost in the fight and retrieve more illicit money.

Li Yongzhong (anti-corruption researcher):

This is a strategic solution. The spread of corruption is closely related to the inadequacies of the current system. In addition, recent anti-corruption practices tell us that many corruption cases are never solved at all. Offering this amnesty to bribe-takers who quickly wake up to their errors is one way to deal with the problem.

It Contravenes the Law

Han Bing (lawyer):

The idea of a "special pardon" is not valid as long as the Standing Committee of the National People's Congress has the final say. If the crimes can be cancelled after surrendering the bribes, then the law only exists in name. This special action also overlooks the people offering bribes. If there is no punishment to people who get the money, those offering bribes will not be worried. It will not stop them from trying to give money to officials.

Wang Xiumei (law professor): The notion of exemption from criminal prosecution is completely different from a special pardon. Corruption is a crime that cannot just be erased, even if the criminals actively or anonymously surrender their bribes due to remorse or other reasons. They cannot conceal the fact that

they have committed a crime. I think, first of all, we should consider establishing an independent organization to take precautions against corruption, something suggested in the United Nations Convention Against Corruption. Second, we should rectify our regulations on preventing corruption by referring to criminal laws in other countries in order to improve our anti-corruption legal network. Finally, the establishment of any policies cannot run against the provisions of current laws. Such exemptions for bribe-takers seem to convey a message to the public that officials are privileged. It will affect the principle that everyone is equal in front of the law.

Yue Liling (criminology professor):

This idea might partially make up for financial losses. However, such short-term ideas are not necessarily consistent with the Constitution or legal principles. I believe the disadvantages outweigh advantages. Since the founding of the People's Republic of China in 1949, we have only offered special pardons to the last emperor and other war criminals. We have not specially pardoned any common criminals yet. Finally, the surrendering of bribes through simple administrative procedures could endanger the protection of private property.

Fang Zhiyuan (lawyer): The punishment of the crime is not limited in terms of time. If the bribe-takers can be specially pardoned within a prescribed time, then how can we deal with the crimes committed after the establishment of this method? Is there going to be a new due time? It makes the present legal system chaotic.

Chen Changbin (Deputy Director of the Anti-Corruption Bureau of Sichuan Provincial Procuratorate):

The establishment of the national bank account for bribe-takers to anonymously surrender their money is contradictory to the Criminal Law currently in effect. In other words, it gives the bribe-takers favorable treatment. As long as they can deposit money into this account in time, they will be free from punishment. However, the Criminal Law stipulates clearly that the punishment can only be reduced if they confess.

Netizens (from a survey conducted by Sichuan Online Co.): 62.34 percent of netizens surveyed feel that this method is against the law; 20.78 percent believe it is not fitting to the crime; and only 16.88 percent think it is worth trying. ■

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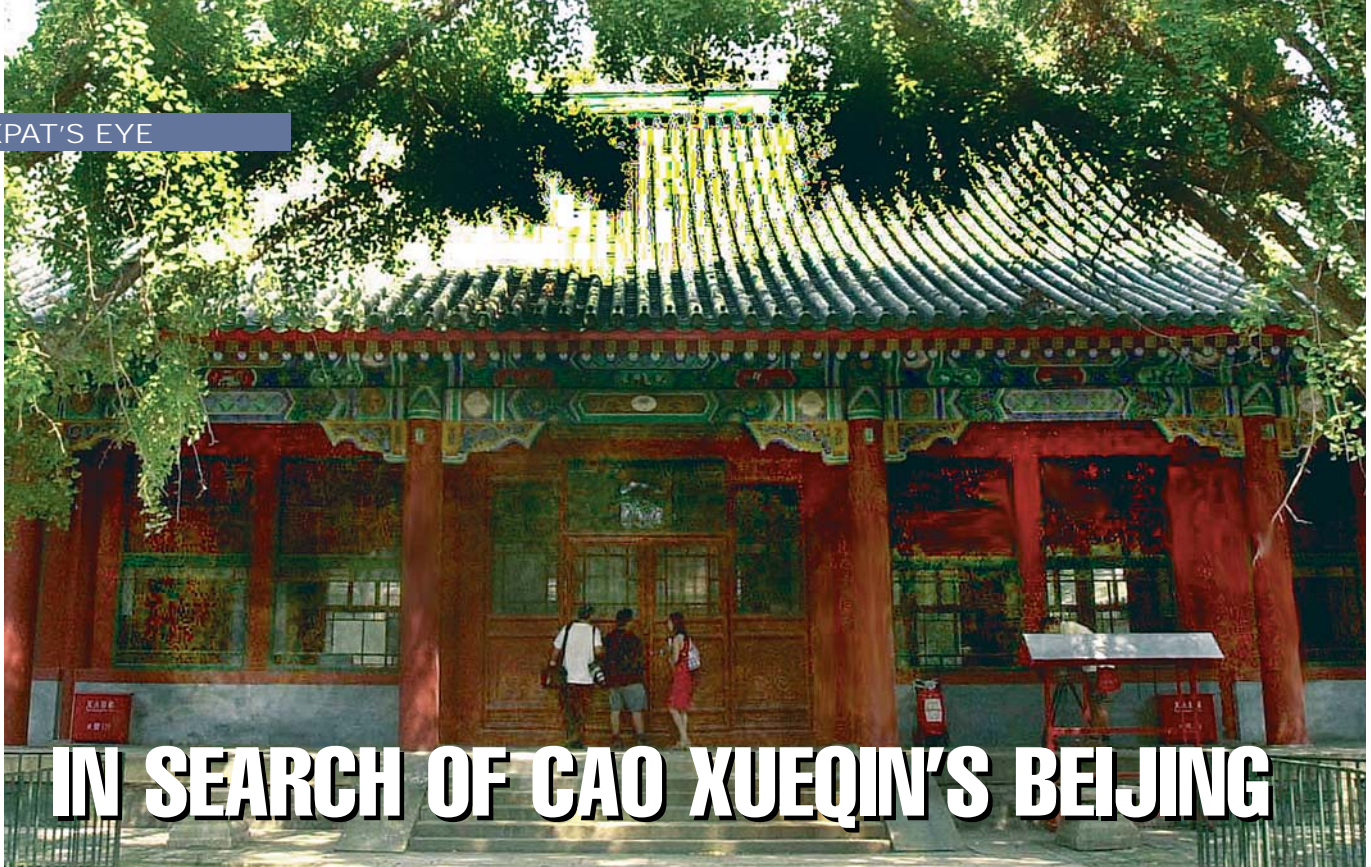
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IN SEARCH OF CAO XUEQIN'S BEIJING

INSPIRATION: Jialetang, a hall inside Prince Gong's Mansion in Beijing. The surrounding gardens inspired scenes for *A Dream of Red Mansions*

By RONALD GRAY

Nearly three years ago, I read the great Chinese novel, *A Dream of Red Mansions*, (*Honglou meng*) by Cao Xueqin for the first time, and was simply overwhelmed by the cultural scope, striking realism and eloquent sophistication of this 18th century masterpiece. Since then, I have reread the book five times, watched both the TV drama based on the number, as well as the recent CCTV series on Cao's life, of which so little is known, and read assorted books and numerous articles about him and the story. I have also been lucky enough to have several fascinating discussions with Zhou Ruchang, China's foremost authority on the work. Last June, I set out to try to find places associated with Cao's life in Beijing, where he lived from 1728 to 1763.

After doing some research, the first place I visited was the Beijing Botanical Gardens, which is located in the Western Hills, north of Beijing. In the middle of the gardens is a small, picturesque lake, on the east side of which is Yellow Leaves village, where the Cao Xueqin museum is located. The museum, which consists of a small rather rustic-looking residential compound containing four old-style houses, is located on the site when Cao spent

the last six years of his sad and short life in poverty. Inside the museum are five exhibition rooms holding old paintings of the writer, a wall covering bearing old writing, believed to be somehow connected with him, editions of the novel translated into many languages, and a large intriguing painting of what the surrounding area looked like when Cao lived there. Stepping outside the museum into the summer heat, and looking at the expansive mountains, it was very easy to imagine the isolation and sense of loss and failure that Cao must have felt living here as he struggled (unfortunately unsuccessfully) to finish his book.

I then explored Prince Gong's Mansion, which is near Hou Hai lake. This place is important because according to Zhou Ruchang, it is the garden served as the model for the famous Prospect Garden in *A Dream of Red Mansions*. The private residential compound is one of the largest and best maintained in Beijing. While the garden is considerably smaller than the extensive one in the novel, it remains quite impressive and provides the visitor with a good introduction to north China's classical garden aesthetics. The area around the mansion, which Cao Xueqin knew well and lived near when he first came to Beijing, is still rich in atmosphere and full of winding alleyways known as *hutongs*.

Jumping from the real to a relatively faithful recreation, I next visited Grand View Garden, which is in the southwest part of Beijing. It was built in the 1980s

and replicates the garden in the novel. (So much so that part of the popular 1987 TV adaptation was filmed here). There are various residences based upon the dwellings of several famous characters in the story, colorful pavilions, several lakes, a quaint rural village, a monastery, impressive examples of traditional hill stones and even a "rose cemetery," based on a well-known scene in the story.

Although the gardens have recently become quite touristy, with night lasers shows, ubiquitous vendors and canned music softly playing from carefully hidden loudspeakers, it is still worth a visit for it does give you a feel for the layout of the novel's garden. I spent a late June afternoon lazily wandering around the spot carrying a copy of the book and looking for my favorite places from the story.

That completed my short tour, but I plan to continue my odyssey in the future, for interesting leads do occasionally pop up. For example, I recently found out on the Internet that there is a residential compound near Xidan, which has a 300 year old jujube tree, which should have "seen" Cao Xueqin when he meet friends here for poetry discussions. Legend says that it was at this place that he first thought of writing the novel. My search continues. ■

Foreigners living in China are welcome to share their experiences. E-mail us at contact@bjreview.com.cn Submissions may be edited.