
Tibet

China Consolidates Its Economic Security

by Mary Burdman

As the world economy spirals downward, China is rapidly moving to consolidate its national economic security. The global crisis which broke out in Asia in 1997-99 had already made emphatically clear to Beijing, that certain vital economic-financial policies—a non-convertible currency, strict financial controls, and the launch of the “Eurasian Land-Bridge economy”—had protected China from the disasters suffered by its more vulnerable neighbors. Yet, at the same time, China’s enormous internal tasks—economic construction to meet the needs of 1.26 billion people, reforming and modernizing the state-owned industries—while dealing with an extremely volatile world, meant that a more active economic policy had to be launched.

In 1998, Beijing adopted its “pro-active fiscal policy” of massive government investment, a huge Franklin Roosevelt “New Deal”-style infrastructure-building program. Most important is the “develop the West” policy, to bring China’s vast, impoverished hinterland into the 21st Century. At the same time, China is expanding cooperation with the nations of Asia, with Russia, and with Europe.

The international financial debacle of the past 18 months has given this process urgency. Already more than a year ago, Beijing began publicly shifting the emphasis of its economic strategy from dependence upon rapidly expanding exports and foreign investment, to development of its huge internal market, as the foundation of its economic security. Since Sept. 11, Beijing has moved decisively to confirm its commitment to national economic construction and Eurasian cooperation, while acknowledging the fragility of the globalized economy.

This is the first of several articles on this process, beginning with development of the strategically important Autonomous Region of Tibet, the “roof of the world.”

‘March Toward Modernization’

On Nov. 8, China’s State Council issued a White Paper on “Tibet’s March Toward Modernization.” As this report was released to commemorate the economic progress made over the past 50 years in Tibet, the Beijing government focused attention on one of the most remarkable “great projects” now being built in the world, the Qinghai-Tibet rail line. The day before, the Ministry of Railways gave a progress report on the construction of this railroad, and on Nov. 15, the Ministry

confirmed that it is planning to begin construction of a second rail line into Tibet, once the Qinghai-Tibet link is completed in 2007.

Much controversy has been generated by the move by the People’s Liberation Army into Tibet in 1951, to consolidate Chinese sovereignty there and finally unite modern China. Yet it is clear, as the White Paper states, that this was the “starting point” for bringing Tibet out of the primitive conditions which prevailed there. Only in 1959, after the Dalai Lama had fled to India, was the serf system—even more brutal than that of Medieval Europe—finally ended. It is essential to understand the achievements of the population of Tibet since then, to “clear up various misunderstandings on the ‘Tibet issue’ in the international community,” the White Paper states.

During the late 19th and first half of the 20th Century, Tibet had been a prime target of the “Forward School,” first, of the British Empire, and, after 1947, of the United States. A small, but driven group of cadre within the British political-intelligence apparatus in India, considered it essential to control Tibet, to enhance the power of British India and to counter the influence of both Russia and China. Tibet was also used, especially in the 1920s and ’30s, as a base for arming separatist operations in western China. By 1945, after decades of civil war and 15 years of Japanese invasion, China was practically cut off from Tibet, and access was through British-controlled India.

When the British left India, a faction of U.S. intelligence moved in. Beginning in 1950, the United States became the international sponsor of “Tibetan independence.” By the time the Dalai Lama fled Tibet in 1959, his caravan was guided by radio contact with U.S. intelligence operatives in India. For the next decade (1959-69), the United States trained, armed, and otherwise actively supported groups of Tibetans fighting the Chinese government. Today, the Dalai Lama’s “government in exile” promotes the importance of Tibet as a “buffer state”—an old geopolitical term—between China and India.

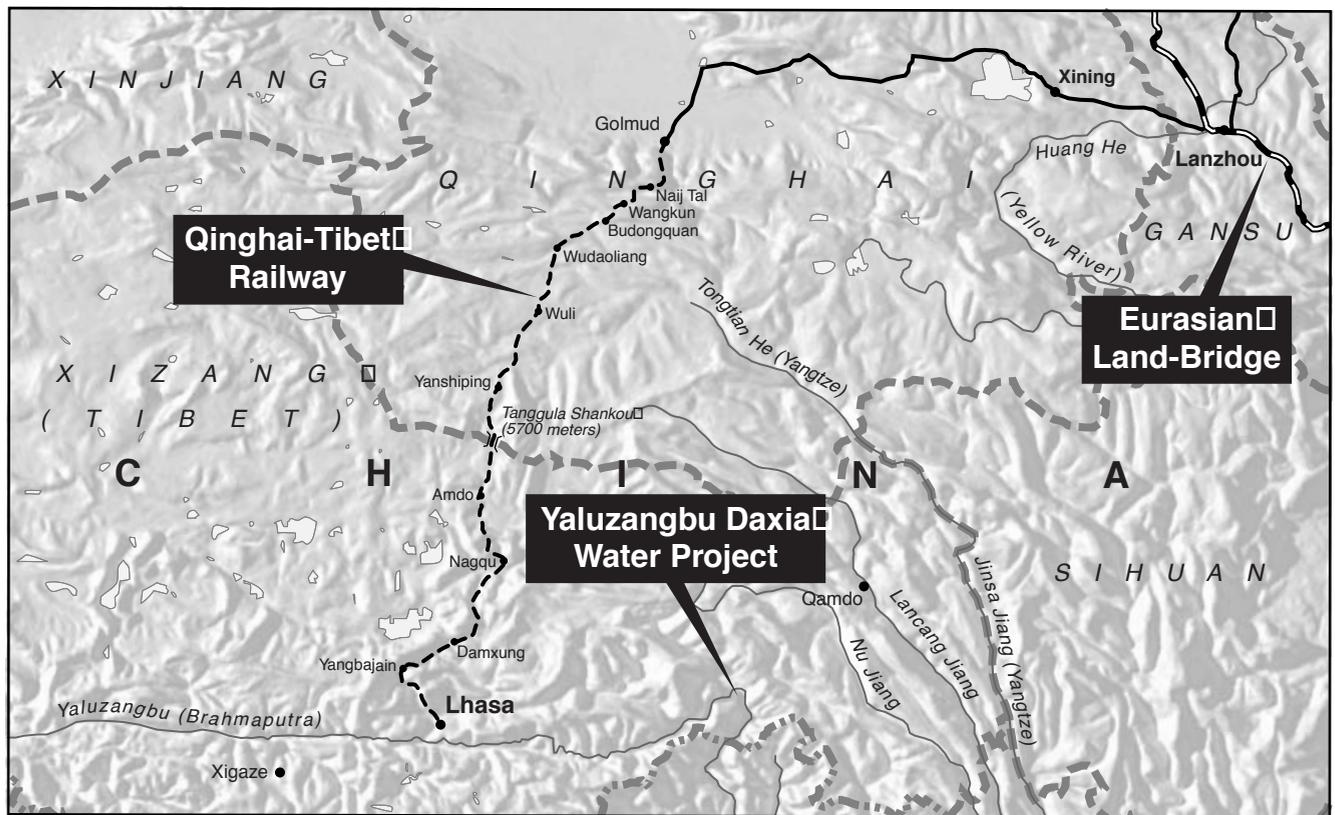
The modernization of Tibet is a central issue of the national unity of modern China. Because of China’s severe poverty, internal turmoil, and isolation, development of Tibet has been a gradual process over the past 50 years. Now, with the program of rail construction, economic development has the opportunity to gather momentum.

Bringing Tibet Into The Modern World

The lama-ist theocracy which tightly controlled Tibet “became an extremely decadent social system, [which] relegated Tibet to the state of extreme poverty, backwardness, isolation and decline, to the point verging on total collapse,” the White Paper reports. All farm and pasture land, forests, mountains and rivers, and almost all livestock—the basic means of existence—were owned by 5% of the population. The rest, serfs, could be sold, mortgaged, or exchanged by their owners. Tibet had no industry or science, and used primi-

FIGURE 1D

Rail And Water Projects In Tibet



tive farming and herding methods; 95% of the population was illiterate.

The results were stark. In 1959, infant mortality was 430 per 1,000; it has now fallen to 6.61. Life expectancy, at 35.5 years in the 1950s, is now 67. Population hovered below 1 million from the 18th Century to the 1950s, the primitive conditions exacerbated by the widespread practice of polyandry and monasticism. Tibet’s population has since grown by more than 160%.

Progress resulting from introduction of much-improved agriculture methods, health care, and basic infrastructure, especially roads and power, will now be speeded up. “In 1994, the central government held the Third Forum on Work in Tibet . . . [and] adopted the important decision to devote special attention to Tibet and get all the other parts of China to aid Tibet. This was supplemented in June 2001, when the central government held the Fourth Forum on Work in Tibet, and wrote a plan for overall modernization,” the White Paper states.

Sole dependence upon agriculture fell from 99% in the 1950s, to 30% now, and water management and modern techniques have greatly improved farm and herd production. Since the beginning of the 1990s, those living in most extreme

poverty fell from 480,000, to just over 70,000.

A basis for modern industry has been established. An energy system, based on abundant hydropower, has been built, with an installed capacity of 350 megawatts, and more is planned. In October, it was decided to build the largest power transmission base of the entire country in southwest China over the next five years, to exploit the huge hydropower resources of this area, which includes Sichuan, Yunnan, Guizhou, Guangxi, Chongqing, Chengdu, and Tibet. A number of hydroelectric stations are under construction, and a high-voltage network will be built to expand electricity distribution, including to east China. China has potential hydropower resources of 378 million kilowatts in installed capacity, but 70% is in the underdeveloped west; so far, less than 8% has been developed.

Modern transport has also been built. In 1959, Tibet had only one road, stretching a few kilometers outside Lhasa, the capital. Construction began in the 1960s, with the Xikang-Tibet and Qinghai-Tibet highways, and modern highways now reach Sichuan, Xinjiang, and Yunnan inside China; and to Nepal. The world’s highest-altitude oil pipeline was built from Golmud, Qinghai Province, to Lhasa.

Efforts are also being made to develop cities and towns

(in the 1950s, Lhasa, the only real city, had a population of just 30,000, with no sewerage or any other modern urban infrastructure). Tibet is also being integrated into the national and regional economies. The central and local governments have set up 25 scientific research institutes over the past 50 years, and education is much improved.

Tibet remains poor and underdeveloped. A serious threat is posed by over-logging and over-grazing, especially in the recent period. Due to its extreme altitude and other conditions, Tibet is a highly fragile area. Deforestation has led to a serious problem of soil erosion in the region, which is the source of Asia's greatest rivers: the Yangtze, the Yellow, the Lancang-Mekong, the Yarlung Zangbo-Brahmaputra, the Irawaddy, and the Salween. The devastating floods of 1998 shocked Beijing into action, and logging by state companies has been banned in most areas of greater Tibet, as well as in neighboring Yunnan province. Projects to restore forests and grasslands have been widely launched.

The Next Period

During the Tenth Five-Year Plan (2001-05), Beijing plans, with other provincial governments, to invest 32.2 billion yuan to assist Tibet in constructing 187 projects. Another 38 billion yuan in subsidies will also be contributed.

The central project is the 1,118 km Qinghai-Tibet railroad, on which construction started in June 2001. This rail line, the first ever into Tibet, is one of the four great projects which will "re-draw China's economic map." The others are the "Move South Water North"; the west-to-east gas pipeline; and the west-to-east power transmission projects.

On Nov. 7, China's State Development Planning Commission and Ministry of Railways held a press conference to report progress on the Qinghai-Tibet railroad. In the first 147 km section, from the starting point in Golmund to Wangkun, foundations are finished and rails will be laid by July 2002, Minister of Railways Fu Zhihuan announced. This section alone involves building 55 bridges and three tunnels.

State Development Vice Minister Zhang Guobao reported that when finished in 2010, the rail line will carry 2.1 million tons of freight into Tibet each year and 800,000 tons out; and that four to eight pairs of passenger trains will use the line every day. The rail line will transport coal, steel, cement, and machinery, at far lower cost than road transport, Zhang said. Now, the price of coal in Tibet—which has no reserves of its own—is more than twice that in Beijing. As a result, almost everyone, including government offices, is still forced to use cow dung for heating, in the extreme cold of Tibet—something the railroad will finally change.

The project is likely to be more expensive than originally thought, at well over \$3 billion. Yet, Beijing is emphatically meeting all costs itself. It is recognized that the railroad will have to operate at a loss. "There could be no question of paying back the investment," Zhang Guobao said. "No for-

eign loans will be involved." At the same time, the government will not issue special treasury bonds for this railroad; "100% of the costs will come from the central treasury," he said.

The scale of the engineering feat involved, is demonstrated by Fu Zhihuan's report that engineers are now building four trial rail lines in Tibet, testing methods to anchor the 550 km of rail which must be built over permafrost. Fu was optimistic. "With those live tests and profound geographic researches conducted in the plateau over past decades, we are confident to finish the huge railway project, with high quality, on time," he said. Along with a national construction team of 11,000 workers, local workers will be recruited and trained to lay the tracks near Tibetan towns.

Second Line Into Tibet

On Nov. 15, the Ministry of Railways let it be known that it is planning to build a second rail line into Tibet after it completes the Qinghai-Tibet link in 2007. Vice Minister Sun Yongfu said that there are plans to continue the development of rail infrastructure in the region, although the decision about a second link has to be approved by the central government. "In the future, Tibet should have its own railway network to transport materials and passengers between major cities in the autonomous region," he said.

Several routes were under consideration for the first line into Tibet, but it was decided to build the shorter and relatively less challenging Qinghai route first. The second rail line will link Lhasa with Kunming, the capital of southwest China's Yunnan Province. The Kunming-Lhasa rail line will be about 500 km longer than the Qinghai route, and will cost an estimated \$7.6 billion and take ten years to complete.

China is not able to construct two large-scale railways at the same time, Sun said, and the new project must wait. However, research on the new routes could soon be launched. Already, the Second Railway Exploration and Design Institute in Chengdu, the capital of Sichuan Province, has conducted feasibility studies into a Yunnan-Tibet railway. Southern Yunnan is extremely rugged, and vulnerable to both landslides and earthquakes. Therefore, the Rail Ministry said, it will take more time to develop the techniques necessary to build a high-quality and stable railway there.

The Kunming-Lhasa rail connection is of great importance, because it would be the basis of connecting Tibet and other remote areas of southwest China to the rail networks of Southeast Asia. Plans for a Pan-Asian railroad have existed for some time, but lack of funding has prevented construction of the necessary connections. At the Association of Southeast Asian Nations summit in Brunei on Nov. 5-6, also attended by China, Japan, and South Korea, Chinese Prime Minister Zhu Rongji announced that China will build one-third of the Laos section of the planned Kunming-Singapore rail line, a 5,500 km project intended for completion by 2006, at a cost of \$2.5 billion.