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C O N F I D E N T I A L STATE 286244

FOLLOWING HONG KONG 16148 DTD 10/15/80, SENT ACTION  
SECSTATE INFO RANGOON BANGKOK BEIJING GUANGZHOU MOSCOW NEW  
DELHI SEOUL SHANGHAI AIT TAIPEI  
CINCPAC HONOLULU, BEING REPEATED FOR YOUR INFO:

QUOTE: C O N F I D E N T I A L HONG KONG 16148

E.O. 12065: GDS 10/10/86  
TAGS: PINT, ECON, MOPS, CH, NP, IN  
SUBJ: (C) TIBET: TROUBLE IN A VASSAL STATE

1. (C - ENTIRE TEXT)

2. SUMMARY. CHINA HAS BADLY MISMANAGED TIBET. THE MISTAKES AND EXCESSES OF THE PAST TWENTY YEARS ARE ALL STARKLY APPARENT IN THE REGION. MISPLACED EFFORTS TO INTRODUCE CHINESE TECHNIQUES AND PLANNING HAVE DAMAGED THE ECONOMY FOR YEARS TO COME. TIBETANIZATION--THE RECALL OF 85 PERCENT OF LOCAL HAN CADRES--IS THE CENTERPIECE OF BEIJING'S NEW POLICIES AND WILL BE ACCOMPANIED BY A WIDE-RANGING LOOSENING OF ECONOMIC CONTROLS. THE CHINESE SEEM ANXIOUS TO BRING ABOUT THE RETURN OF THE DALAI LAMA, BUT THIS AND OTHER ASPECTS OF THE NEW POLICIES MAY BE UNDERMINED BY SHARP DIVISIONS  
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REVIEW AUTHORITY: Charles Lahiguera, Senior Reviewer

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IN BOTH THE CHINESE AND TIBETAN CAMPS. LIBERALIZATION IN TIBET IS PARTLY AIMED AT IMPROVING TIES WITH INDIA, HOWEVER, AND THAT MAY PROPEL THE CHINESE TO OVERCOME WHAT OTHERWISE SEEM TO BE INSURMOUNTABLE OBSTACLES TO THEIR NEW PROGRAM FOR TIBET. END SUMMARY.

3. CONGENOFF VISITED TIBET, SEPTEMBER 19-24, AS A MEMBER OF A PRC-ORGANIZED TOUR FOR HONG KONG-BASED JOURNALISTS. THE GROUP HAD CONVERSATIONS WITH CHINESE OFFICIALS, INCLUDING FIRST PARTY SECRETARY YIN FATANG; TIBETANS; AND THE NEPALI CONSUL GENERAL, LHASA'S ONE-MAN DIPLOMATIC COMMUNITY.

4. POVERTY AND ARDENT BUDDHISM ARE THE REALITIES OF TIBET. TWENTY YEARS AFTER THE DALAI LAMA FLED, MOST TIBETANS ARE STILL

NOMADS, SEMI-NOMADS OR FARMERS. AGRICULTURE IS ON A SUBSIS-TANCE LEVEL; INDUSTRY IS ALMOST NON-EXISTENT. THE ONE DYNAMIC FACTOR IS THE MILITARY ECONOMY OF THE PLA. BY ALL ACCOUNTS, CHINA'S TAKEOVER HAS BEEN A DISASTER FOR THE MAJORITY OF TIBETANS. NEVERTHELESS, THEY ARE UNDAUNTED-- AND UNIMPRESSED--BY THEIR HAN OVERLORDS. A WALK ALONG THE BARKHOR, LHASA'S MAIN STREET AND CHINA'S FREEST MARKETPLACE, TAKES ONE PAST PROSTRATE WORSHIPPERS, THE SHOPS OF NEPALI MERCHANTS AS WELL AS YOUNG MEN HAWKING RUGS, YAK MEAT AND PHOTOS OF THE DALAI LAMA. THAT LIVELY SCENE DID NOT EXIST FOUR MONTHS AGO. IT IS ONE RESPONSE TO CHINA'S RECENT EFFORTS TO LOOSEN THE REINS IN TIBET.

5. WHY CHINA FAILED. ECONOMIC MISMANAGEMENT, AGGRAVATED BY THE EXCESSES OF THE CULTURAL REVOLUTION, HAS LED TO GROWING DISCONTENT. TIBET'S BUDDHISTS CAN WORSHIP TODAY AT ONLY TEN TEMPLES. THERE WERE AN ESTIMATED 1,200 TO 3,000 MONASTERIES AND TEMPLES PRIOR TO THE "DEMOCRATIC REFORM" IN 1959. ALL OTHERS WERE RAZED IN THE OPENING MONTHS OF THE CULTURAL REVOLUTION. ONLY ONE THOUSAND

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 OF 110 THOUSAND MONKS STILL PERFORM THEIR RITES, AND THE MAJORITY OF THEM DO NOT MEET CRITERIA FOR THE PRIESTHOOD (MOST ARE MARRIED AND HOLD OTHER JOBS). BUT CHINA'S ILL-CONCEIVED ECONOMIC POLICIES HAVE TAKEN THE GREATEST TOLL. TIBETANS CLAIM THEY ARE WORSE OFF TODAY THAN IN 1959, A CHARGE SUPPORTED BY OFFICIAL CHINESE DATA. LIVING STANDARDS FOR 30 PERCENT OF THE POPULATION HAVE WORSENERD SINCE 1965, WHILE ANOTHER 30-40 PERCENT OF THE POPULATION HAVE SEEN NO IMPROVEMENT IN THEIR CONDITION. TEN PERCENT ARE ACTUALLY SHORT OF FOOD, CLOTHING AND SHELTER.

ANNUAL PER CAPITA OUTPUT

	1960	1965	1975	1979
GRAIN (KILOGRAMS)				
TIBET	163	212	299	229
CHINA NATIONWIDE		226	255	295
INDUSTRIAL OUTPUT				342
(GROSS VALUE IN YUAN)				
TIBET	87	17	76	81
CHINA NATIONWIDE		191	191	433
				473

6. EVEN THESE DATA MASK THE DEPTH OF THE DAMAGE WROUGHT BY CHINA'S MISHANDLING OF TIBETAN AGRICULTURE. WHILE BARLEY IS THE MAIN STAPLE OF THE TIBETAN DIET, THE CHINESE SINCE 1960 HAVE ORDERED

FARMERS TO PLANT MORE AND MORE WENTER WHEAT. THE NEW CROP YIELDED HIGHER OUPUT, BUT USED UP FOUR-FIFTHS OF AVAILABLE CHEMICAL FERTILIZERS AND LEACHED THE SOIL. BY 1977, UNIT YIELD BEGAN  
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TO DECLINE. RURAL DISCONTENT MOUNTED WITH TH INCREASE IN WHEAT ACREAGE AND THE CONSEQUENT DECLINE IN BARLEY OUTPUT. FARMERS HELD ONTO THEIR DIMINISHING BARLEY RESERVES, SELLING THEIR WHEAT TO THE STATE. URBAN UNREST FOLLOWED AS BARLEY PRICES SKYROCKETED AND THE GOVERNMENT ATTEMPTED TO FORCE WHEAT ON THE NON-FAG POPULATION.

7. BEIJING'S MISCONCEIVED EFFORTS TO INTRODUCE CHINESE TECHNIQUES AND PLANNING DAMAGED OTHER SECTORS OF THE ECONOMY AS WELL:  
WS --IDEOLOGICALLY MOTIVATED CRACKDOWNS ON THE PRIVATE SECTOR PUT MOSLEM BUTCHERS OUT OF BUSINESS.  
BECAUSE RELIGIOUS TENETS OF THE BUDDHIST MAJORITY PROHIBIT SLAUGHTERING, MEAT SUPPLIES DROPPED.

--ATTEMPTS TO RAISE FOREIGN EXCHANGE LED THE GOVERNMENT TO BUY UP ALL AVAILABLE YAK HIDES. NOMADS, WHO USE THE HIDES FOR TENTS, WERE UNABLE TO PURCHASE THEM EITHER IN STATE STORES OR AT FREE MARKETS.

--THE REGION'S OVERALL DEVELOPMENT IS BEING HELD BACK BY DELAYS IN COMPLETING A RAILWAY LINKING TIBET WITH CHINA PROPER. A NEW RAIL LINE BETWEEN LHASA AND QINGHAI PROVINCE WAS SCHEDULED TO OPEN IN 1985, BUT MAY BE ABANDONED BECAUSE CHINESE PLANNERS FAILED TO TAKE ACCOUNT OF SEVERAL HUNDRED KILOMETERS OF PERMAFROST ON THE ROUTE.

8. TIBETANIZATION. THE REPATRIATION OF MOST ETHNIC HAN CADRE TO CHINA PROPER IS THE CENTERPIECE OF BEIJING'S NEW POLICIES IN THE REGION. THE NEW APPROACH WAS ANNOUNCED SHORTLY AFTER AN INSPECTION VISIT BY PARTY SECRETARY-GENERAL HU YAOBANG AND VICE PREMIER WAN LI TO TIBET IN MAY. EIGHTY-FIVE PERCENT OF THE CHINESE OFFICIALS ARE TO BE RECALLED OVER A PERIOD OF THREE YEARS: 20 PERCENT IN 1980, 60 PERCENT IN 1981, AND 5 PERCENT IN 1982. THIS WILL REVERSE PRESENT RATIOS IN WHICH ETHNIC CHINESE ACCOUNT FOR ONLY 120 THOUSAND (6 PERCENT) OF TIBET'S 1.83 MILLION  
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POPULATION BUT HOLD 26 THOUSAND (45 PERCENT) OF THE 58 THOUSAND CADRE POSITIONS. THE AIM OF TIBETANIZATION, ACCORDING TO LOCAL OFFICIALS, IS TO CREAT AN "INDEPENDENT" ADMINISTRATION IN WHICH LEADERSHIP POSITIONS AT EACH LEVEL ARE HELD BY TIBETANS. NO DOUBT BEIJING WILL CONTINUE TO HOLD ON TO THE REINS OF POWER; NEVERTHELESS, THE NEW POLICY MARKS A SIGNIFICANT DEPARTURE FROM EARLIER EFFORTS TO SETTLE TIBET WITH CHINESE.

9. THE LEADERSHIP'S NEW ATTENTION TO TIBET BECAME EVIDENT SHORTLY AFTER THE FIFTH PLENUM OF THE CENTRAL COMMITTEE IN FEBRUARY 1980, WHEN THE NEW PARTY SECRETARIAT BEGAN TO FOCUS ON

THE RISING TENSIONS IN THE MINORITY AREAS. CENTRAL DOCUMENT NO. 31 ON TIBET, ISSUED IN APRIL, INITIATED A NUMBER OF REFORMS AND INSTRUCTED THE LOCAL GOVERNMENT TO ADOPT ANY ECONOMIC MEASURES THAT WORK. LHASA PLANS A THREE-YEAR PERIOD OF "REST AND RECUPERATION" AND TO TURN THE ECONOMY AROUND IN SIX YEARS. INEFFICIENT FACTORIES WILL BE CLOSED, AND NEW INVESTMENT WILL BE CONCENTRATED IN ANIMAL BY-PRODUCTS, WEAVING, TANNING, AND HANDICRAFTS. PRIVATE RETAIL SHOPS, HANDICRAFTS AND HAWKING ARE BEING ENCOURAGED (400 LICENSES HAVE BEEN ISSUED SO FAR; THOUSANDS MORE ARE SELLING WITHOUT PERMITS) AND WILL BE EXEMPT FROM TAXES FOR TWO YEARS. IN AGRICULTURE, THE GOVERNMENT IS ENCOURAGING A RETURN TO TRADITIONAL CROPPING PATTERNS AND CULTIVATION METHODS. THE STATE PURCHASE PRICE FOR BARLEY HAS BEEN RAISED FIFTY PERCENT ABOVE THE WHEAT PRICE. EACH LOCALITY WILL DETERMINE ITS ORGANIZATION OF AGRICULTURE; IN SOME AREAS PRIVATE FARMING AND TWO-THREE FAMILY MUTUAL AID TEAMS WILL BE SET UP.

10. BEIJING IS BACKING ITS ECONOMIC LIBERIZATION WITH CASH. CENTRAL GOVERNMENT SUBSIDIES WILL AMOUNT TO 500 MILLION YUAN THIS YEAR (US \$331 MILLION) AND WILL INCREASE TEN PERCENT DURING EACH OF THE NEXT FIVE YEARS. ONLY FOUR PERCENT OF TIBET'S BUDGET WILL COME FROM LOCAL REVENUE.

11. CULTURE SHOCK. THE CHINESE AND TIBETANS LOOK AT EACH OTHER ACROSS A CULTURAL CHASM THAT DIVIDES NOMADS FROM AGRICULTURAL CONFIDENTIAL

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PEOPLES. WITH THEIR GROUNDING IN MATERIALISTIC PHILOSOPHIES, MARXISM AND CONFUCIANISM, THE CHINESE SEEM GENUINELY PERPLEXED AT THE SPIRITUALITY OF A PEOPLE WHO CONSIDER DEATH (REINCARNATION) LIFE'S MOST IMPORTANT EVENT. THE CHINESE GENERALLY DO NOT LIKE LIVING IN TIBET; THEREFORE, CHINESE OFFICIALS DRAW 30 PERCENT HARDSHIP PAY, THREE MONTH PAID

VACATION IN EVERY EIGHTEEN, AND HAVE THEIR FOOD BROUGHT IN FROM CHINA PROPER. THE SCHOOL SYSTEM IS EFFECTIVELY SEGREGATED BY A TWO-TRACK SYSTEM THAT TEACHES TIBETAN ONLY AS A SECOND LANGUAGE TO TIBETAN CHILDREN, WITH ENGLISH TAUGHT AS THE SECOND LANGUAGE FOR CHINESE YOUNGSTERS.

12. THERE ARE SHARP DIVISIONS AMONG THE RESIDENT CHINESE ON HOW TO HANDLE TIBET. THE MORE EXPERIENCED GROUP, THOSE WHO ARRIVED IN THE FIFTIES, ADVOCATE A SLOW APPROACH TO REFORMING TIBET'S MEDIEVAL STRUCTURE. THE MAJORITY TAKE A THOUGHHER LINE, URGING A SPEEDUP IN THE PACE OF CHANGE. THE MILITARY, HOWEVER, IS THE DOMINANT FORCE IN TIBET, AND ITS MAIN CONCERN IS STABILITY. THE PLA'S TROOPS ARE EVERYQHERE; POST-1959 CONSTRUCTION IN LHASA HAS BEEN MAINLY BARRACKS AND OTHER MILITARY INSTALLATIONS. THE PLA IS THE MOST DYNAMIC FACTOR IN THE ECONOMY: IT BUILDS THE ROADS, GROWS ITS OWN FOOD, AND CONSUMES MOST OF THE SUPPLIES FROM CHINA PROPER.

13. THE TIBETANIZATION PROGRAM HAS NOT GONE OVER WELL WITH THE CHINESE CADRES, WHO SEE IT AS THINLY VEILED CRITICISM OF THEIR

WORK. THEY ARE RELUCTANT, MOREOVER, TO PULL UP ROOTS FROM A REGION WHERE THEY PIONEERED THE FIRST SCHOOLS, POWER PLANTS, ETC. MANY OF THEM ARE REPORTEDLY REFUSING TO RETURN TO CHINA PROPER WITHOUT CONCRETE PROMISES OF EQUAL JOB STATUS AND PAY AT HOME AND GUARANTEES THAT THEIR CHILDREN WILL RETAIN ACCESS TO SPECIAL SCHOOLING.

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14. WILL THE DALAI LAMA RETURN? BEIJING IS KEEN TO WOO THE DALAI LAMA BACK TO PACIFY THE SITUATION. IT IS WILLING TO GIVE HIM MORE OR LESS A FREE HAND IN RELIGIOUS AFFAIRS--E.G. TO RESTORE MONASTERIES (WITH SOME GOVERNMENT AID) AND TO RECRUIT NEW MEMBERS TO THE CLERGY--BUT IS UNSURE HOW TO COPE WITH HIM IN AREAS WHERE ITS SOVEREIGNTY MIGHT BE CALLED INTO QUESTION. THE DALAI LAMA HAS RESPONDED TO CHINESE OVERTURES WITH CONCILIATORY NOISES OF HIS OWN, CALLING SOCIALISM THE MOST SUITABLE SYSTEM FOR TIBET, DROPPING DEMANDS FOR AN INTERNATIONALLY-SUPERVISED PLEBISCITE, AND PUBLICLY PRAISING BEIJING FOR ITS LIBERALIZATION.

15. ENCOURAGED BY PROGRESS IN SECRET TALKS, BEIJING HAS INVITED HIM TO SEND FOUR FACT-FINDING DELEGATIONS TO TIBET THIS YEAR. BUT THE CHINESE MISCALCULATED THE IMPACT OF THOSE VISITS. VICTIMS OF THEIR OWN PROPAGANDA, CADRES CAUTIONED TIBETANS NOT TO INSULT THE DALAI LAMA TO DELEGATION MEMBERS. THEY COULD HAVE SAVED THEMSELVES THE TROUBLE. ON JULY 25, CROWDS IN CENTRAL LHASA MOBBED THE DALAI LAMA'S BROTHER, THE LEADER OF THE SECOND GROUP. TWO DAYS LATER, TIBETAN GOVERNMENT DRIVERS COMMANDEERED 70-80 TRUCKS, AND TOOK MORE THAN ONE THOUSAND PEOPLE TO GREET THE DELEGATION AT THE SITE OF THE DESTROYED GADEN MONASTERY TWENTY-FIVE MILES OUTSIDE LHASA. THE DEMONSTRATION THAT ENSUED THERE PROMPTED THE CHINESE TO CUT SHORT THE DELEGATION'S STAY IN CHINA AND TO FINE OR FIRE THE TIBETAN DRIVERS. LARGE CROWDS HAVE ALSO GREETED THE OTHER DELEGATIONS. THE OUTPOURING OF EMOTION HAS HAD A SOBERING EFFECT ON BOTH SIDES. THE TIBETANS POSTPONED THE FOURTH FACT-FINDING VISIT UNTIL NEXT SPRING; BEIJING DECIDED TO KEEP TIBET CLOSED TO ALL BUT SIX HUNDRED HAND-PICKED FOREIGNERS EACH YEAR UNTIL TIBETANIZATION IS COMPLETED.

16. THE DALAI LAMA'S EFFORTS TO MAKE UP WITH BEIJING HAVE BEEN COMPLICATED BY SPLITS IN HIS OWN CAMP. SMALL UNDERGROUND GROUPS INSIDE TIBET PASS PROTEST NOTES TO FOREIGNERS AND ALMOST SURELY HAD A HAND IN THE JULY DEMONSTRATIONS. IN THE NEPALI BORDER REGION, KHAMMPA BANDITS CONTINUE LOW LEVEL GUERRILLA WARFARE

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AGAINST THE CHINESE. (THAT SITUATION HAS EASED SOMEWHAT FOLLOWING A 1979 PROTOCOL WITH NEPAL TO DENY SANCTUARY TO THE KHAMPAS.) MANY OF THE EXILE GROUPS, PARTICULARLY OLDER FOLLOWERS, HAVE APPEALED FOR A HALT TO THE FACT-FINDING VISITS. MOREOVER, THE FUTURE IS CLOUDED BY THE THOUSANDS OF YOUNG TIBETANS WHO WOULD RETURN WITH THE DALAI LAMA. THEY HAVE BEEN RAISED AND TRAINED IN INDIA AND THE WEST; SOME HAVE JOINED THE NEW TIBETAN

COMMUNIST PARTY (FORMED IN INDIA IN 1978), WHICH REPORTEDLY IS TALKING ABOUT ESTABLISHING TIES WITH MOSCOW.

17. TOWARD BETTER TIES WITH NEW DELHI? FOR THE LONGER TERM, THE CHINESE SEEM TO VIEW LIBERALIZATION IN TIBET AS ONE WAY TO RESTORE SOMETHING LIKE THE NEHRU-ZHOU ENLAI RELATIONSHIP OF THE FIFTIES. THE POLICY SHIFTS ON TIBET HAVE COINCIDED WITH MOVES TO GET BORDER TALKS WITH INDIA OFF DEAD CENTER (REF: NEW DELHI 14814, BEIJING 6109). THE CHINESE PROPAGANDA MILL NO LONGER CHARACTERIZES TIBET AS A SECURITY PROBLEM, IN FACT THE ABSENCE OF AN OUTSIDE THREAT IS BEING USED TO JUSTIFY TIBETANIZATION. ON A MORE CONCRETE LEVEL, LOCAL OFFICIALS ARE PREPARING TO OPEN CROSS-BORDER TRADE WITH INDIA. THEY POINT TO TRADE WITH NEPAL AS A MODEL FOR INDIA, BHUTAN, AND BURMA. (SIKKIM WAS ON THE LIST ORIGINALLY, BUT APPARENTLY HAS BEEN DROPPED TO SOOTHE INDIAN SENSITIVITIES.) ANNUAL CROSS-BORDER TRADE WITH NEPAL IS 30 MILLION YUAN (US\$20 MILLION), AN IMPORTANT SUPPLEMENT TO THE TIBETAN ECONOMY SINCE TRANSPORT COSTS WITH CHINA PROPER ARE PROHIBITIVE. TEN NEPALI TRADERS WERE RECENTLY LICENSED TO OPEN SHOPS IN LHASA, AND LOCAL OFFICIALS SAY THEY HAVE PLANS TO ISSUE SIMILAR LICENSES TO INDIAN MERCHANTS LATER.

18. PROSPECTS. CHINA'S NEW POLICIES IN TIBET NEED TO BE TESTED. WHATEVER THE CHINESE DO, TIBET WILL REMAIN A HEADACHE. PROGRESS WITH THE DALAI LAMA IS AT  
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LEAST A YEAR AWAY--IN LATE 1981--WHEN THE CHINESE HOPE TO PROVE THEY HAVE CARRIED THROUGH ON TIBETANIZATION. THE SHARP DIVISIONS IN THE CHINESE AND TIBETAN CAMPS MAY UNDERMIN THAT POLICY. BUT BEIJING'S DESIRE TO IMPROVE RELATIONS WITH NEW DELHI MAY PROPEL IT TO OVERCOME WHAT OTHERWISE SEEM TO BE INSURMOUNTABLE OBSTACLES TO ITS NEW TIBETAN POLICY.  
SHOESMITH UNQUOTE CHRISTOPHER

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