

China is Booming Again

BEIJING – China's boom-bust economy is booming again. Production, consumption, wages and bonuses are all sharply higher, but inflation, brought under control last year, is rising again, according to official reports published over the weekend.

The official media call the data good news, but some economists have said that China's unwieldy economy could become overstimulated and lurch out of control again.

"The worry is the government is pouring too much money into the wrong places," an economist said, "and inflation could get out of hand".

Retail sales, squeezed into stagnation last year by a tough austerity program, jumped 14 percent in the first two months of 1991 against the same period in 1990, the Xinhua news agency said. Retail prices in January and February rose 4.5 percent from 1990 levels, more than twice the average rate for all of last year. In 35 large and medium-size cities, prices jumped 6.4 percent in the two-month period.

Unprofitable state-owned enterprises, many of which already have huge stockpiles of unwanted goods, produced 12.2 percent more in January and February than they did last year at that time, the agency, quoting the State Statistical Bureau, said.

During all of last year, output of state-owned industries grew only 2.9 percent. Production by large and medium-size enterprises grew 14.3 percent in the first two months of the year.

Total wage volume grew 14.6 percent, bonuses jumped 15 percent and government income soared 23.9 percent, good news for officials worried about the bur-

den of bailing out industries and subsidizing consumers against price rises.

The Economic Information Daily said China's export engine continued to boom, selling \$8.04 billion worth of goods overseas in January and February, 31.9 percent more than in the same period last year. Imports rose 1.7 percent to \$6.2 billion in the period.

The bad news in the reports, economists and analysts said, is that much of the good news was due to the government's pouring credit into the economy, particularly in the last quarter of 1990.

Economists quoted by Xinhua said that problems in economic performance in-

cluded the money supply rising too quickly and the issuing of large numbers of bank notes. The agency did not give details, but officials have said that bank loans in 1990 jumped in value by 22 percent, far above the 5 percent the economy as a whole grew.

Inflation, while more than double the 2.1 percent in 1990, is still far below 17.8 percent in 1989.

Western diplomats and Chinese economists said the government was very concerned that prices not get out of hand again, Prodemocracy demonstrations and unrest in 1989 followed inflation that reached 30 percent in cities.

"They'll be O. K. if they can keep inflation below double-digits," a diplomat said.

In another economic report, the official Beijing Review magazine said that by the end of last year the program of economic retrenchment had eliminated 35.2 percent of companies in existence in 1988.

New Zones To Promote Technology

BEIJING – China is ready to start 20 special zones to encourage high technology, the official China Daily said recently.

The zones will be based on the special economic zones in southern China, which have attracted foreign investment with preferential regulations. The newspaper said China's cabinet would approve the new zones, but it did not say where they would be.

The "special science and technology zones" will be a major part of China's

economic restructuring, it quoted Song Jian, the minister in charge of the State Science and Technology Commission, as saying.

Existing special economic zones include Shenzhen and Xiamen, and the government has also been promoting development of Pudong, near Shanghai.

Meanwhile, cities in northeastern China are aggressively wooing South Korean investors.

Courtesy - International Herald Tribune.