

# China implements worst of both worlds: communism and free trade

by Michael O. Billington

The post-Mao experiment in “reform” in the People’s Republic of China has now reached terminal breakdown. William Draper III, the director of the United Nations Development Program (UNDP) and a principal spokesman for the global genocide lobby, personally announced in October month the launching of a new phase of economic “shock therapy” in China, of the sort which has brought collapse and civil war to the newly freed nations of eastern Europe.

The “reforms” associated with Deng Xiaoping have been based primarily on turning several coastal cities into free trade zones similar to the colonial “concessions” to foreign powers in the 19th century, while ignoring the decrepit state of basic infrastructure in both industry and agriculture throughout the vast Chinese interior. Now, the ancient, inefficient industrial sectors in the heartland of the Yangtze Valley and in Manchuria are totally bankrupt, while the devastating floods of the past summer exposed the equally decayed state of the water control, food storage, and transportation networks.

Beijing is faced with an apparent choice between two untenable options: either continue to bail out the bankrupt industries and maintain food supplies by buying extensively overseas, which is resulting in hyperinflationary pressure and the collapse of the national treasury; or capitulate to the U.S./World Bank policy of “shock therapy” by shutting down vast sectors of the economy, laying off hundreds of thousands of state sector employees, and drastically reducing or eliminating the state subsidies, especially in food and housing. The “iron ricebowl” and the “iron bed”—referring to the cradle-to-grave system of state-guaranteed food and housing—have been slowly eroded over the past 12 years of reform, but Bush and the International Monetary Fund are demanding their total destruction, with nothing but “the magic of the marketplace” to replace them. (The “iron job” long since went by the wayside.) The aging leaders of the communist regime, the last remnants of the most murderous dictatorship in all history, correctly perceive that this shock treatment will further destroy the country, and provoke a social upheaval that will send them promptly to their deserved place in hell. Their commitment to their own communist dogma, and their alignment with the most rabid “free trade” fanatics around Margaret Thatcher, Bush, and Kissinger in the West, rules out any solution to this dilemma. The communist leaders are

apparently incapable of seeing the potential “third way” of alignment with a European-based technological transformation of the entire Eurasian landmass, as proposed by *EIR* founding editor Lyndon LaRouche, and as envisioned by the founder of the Chinese Republic, Dr. Sun Yat-sen. Instead, Beijing is implementing the worst aspects of the two untenable options.

## Shock therapy

During the last 10 days of September, the government poured \$3 billion into pure debt bailout of the state sector industries, continuing the policy of saving these industries no matter what the cost. The justification is that the state sector represents a full 80% of the state’s revenue, although it is only 50% of the national industry. The Beijing leaders also recognize that unemployment among the relatively small, but more skilled, industrial work force will have even more severe social consequences than the tens of millions of unemployed peasants.

However, the “shock therapy” approach is working its way into the picture. Over the past year, the regime has begun to raise the subsidized price of food and rent, foolishly arguing that since prices were temporarily low in the free market sector, there would be no major public revolt. With the floods now adding to the food and housing shortage, the pressure is increasing on the population. Then the deal was announced with Draper and the UNDP: For a mere \$2 million in aid to “develop its market economy through modern management practices,” the regime has pledged to lay off 500,000 state workers, described as “idlers” who are “paid, but doing little.” This will put enormous pressure on an economy that already has over 100 million peasants who have been left jobless by the economic crisis, wandering the nation in search of subsistence, and the uncounted thousands left homeless or destitute by the floods.

## Danger from the ‘barbarians’

The danger of chaos in China is multiplied by a growing fear of the old line leadership that their new-found “friends” in the West and in Russia may suddenly turn their “new world order” guns against them. Foreign Minister Qian Qichen, in a private speech leaked to the western press, portrayed Russia’s Boris Yeltsin as “a nationalist, rather than a demo-

crat,” and pointed to Mikhail Gorbachov’s weakness and Yeltsin’s strength as a warning of a potential “revival of Great Russian chauvinism” and czarist ambitions. As to the U.S., despite Bush and Kissinger’s insistence that the lucrative cheap labor pool in the “concessions” be maintained by supporting the communist regime, Beijing has correctly identified the danger to itself and to all nations of the attempt by the Anglo-Americans to eliminate sovereignty through environmental and human rights ruses. At meetings of the Non-Aligned Movement and the Group of 77 last month, China played a role in the mounting resistance to Bush’s new world order.

In addition, as the full scope of the depression in the U.S. becomes more evident, the Bush administration is not satisfied with cheap labor *maquiladoras* in China, but is demanding trade concessions under threat of trade war. U.S. Trade Representative Carla Hills recently announced the implementation of Trade Bill 301 sanctions, which gives the Chinese a year to lower protective tariffs and meet other U.S. demands or face 100% tariffs on many of their exports to the United States.

*New York Times* China correspondent Nicholas D. Kristof went so far as to announce that China is about to become America’s “Enemy No. 1,” filling the vacancy left by the ex-Soviet Union, and reports on a document circulating among the Beijing elite quoting Deng Xiaoping calling the current tensions with the U.S. the “New Cold War.”

Perhaps one of the most hypocritical aspects of this U.S. campaign, whose purpose is purely financial rather than humanitarian, is the manipulated popular outcry against the Chinese use of prison labor for export goods. Not only does the United States itself by far lead the world in the percentage of the population incarcerated, but the U.S. Federal Prison Industry system produces goods, including military hardware, for export worldwide. The problem in China is not prison labor, but the hideous conditions in the prisons, and the fact that the nation is creating work camps for the “blind flow” of unemployed, and those displaced by the floods, that are not much different from the prison work camps!

### **New ‘Cultural Revolution’**

In fact, the country is rapidly moving toward the kind of armed camp that existed during the horror of the Cultural Revolution. Thousands of flood victims have been moved to military construction brigades in the far western Xinjiang Region, while camps have been set up outside the major coastal cities for some of the “blind flow.” Hong Kong press have reported that workers can only get out of these camps if a relative pays “ransom” for them, for about \$30, nearly a month’s salary.

Security systems are being upgraded around the “Special Economic Zones,” the name applied to the “concessions.” The *South China Morning Post* in Hong Kong reported that “a wire fence and new watch towers, upgraded patrol roads and

## **‘The single-party tyranny must fail’**

*The following letter, dated Oct. 1, was sent to the Chinese Communist Party (CPC) leadership, by Ni Yuxian and Yue Wu, while the authors were on a 20-day clandestine tour of the Democracy Movement within the People’s Republic:*

Letter of Admonishment  
To the Central Bureau of CPC

Dear Members of the Committee:

We are the Observing Group of United Pro-democracy Organizations to Return to China, consisting of members from the Chinese Freedom and Democracy Party, Chinese Workers Autonomous Union and other pro-democratic groups. In these days celebrating the 42th anniversary of the CPC’s ruling power over mainland China, we want to give some sincere advice to you.

We know, from the political standpoint, that we are your opponents. We openly insist on the elimination of the single-party tyranny and the establishment of a democratic system; we strongly demand the protection of the basic human rights, especially the freedom of man’s ideas, and the right of speech; we severely condemn the brutal measures of the current regime to violently suppress different political opinions. Since we have the opinions as stated above, we are treated by you as entirely contrary opponents, and are subject to be killed or eliminated to your satisfaction. But since we have strong faith in human rights and democracy, and as all of us are a part of the Chinese people, as we are also a part of the whole human race, we believe that we have the moral responsibility and historical obligation to give you a final admonition.

You may have noticed that for the past two years the whole world has undergone a fundamental and historical change. Communist tyranny as a social, political and economic system has become totally bankrupt and collapsed; even the U.S.S.R., the country where this communist system of tyranny originated, has discarded the doctrines of Marxism and Leninism and single-party tyranny. This so-called world superpower, the U.S.S.R., crashed into ashes in only days. Today, as we look around the world, there are only two

or three of you little fellows who cherish the shards, and stubbornly resist in a desperate position against the worldly trends of freedom and democracy. Confucius says: "A collapsing house can't be supported by a single pillar." He also says: "A dropping bird-nest will not have whole eggs." Can't you see the jeopardy of your current position?

Although a few of you would argue irrationally, with false confidence, saying that even if you are the last one, you will preserve the single-party tyranny. But we believe that those who are wiser have already seen that the socialist road that brought this single-party tyranny into being has come to a dead-end. People have realized, from dozens of years of suffering, that single-party tyranny can only bring them poverty, stupidity, and servitude. Therefore, in principle, people reject single-party tyranny. This is the basic reason that single-party tyranny must fail.

Those among you who now insist upon the single-party tyranny, are not actually fighting for their ideal philosophy but for their own selfish privileges. They love the powers that they possess today. They believe that the army could be used to suppress the democratic demands of the people. This is insane. Please think about this—can you rely on violence for a long time?

We'd say that Li Peng used the innocence of students and took the chance when people were not well prepared, and only by luck achieved his brutal aims. But today, after these two years, anyone who again picks up the butcher's knife would be playing with fire, and will get burned. The world has changed in the past two years. People are educated. China is not the China it was before. People are not the people they were before. The army is not the army it was before. Don't you see the defeated coups in Romania and Russia? These are the best examples. The day the butchers pick up the weapon is the time they dig the grave for themselves. The army is a part of the people after all. When all the people start fighting against the single-party tyranny, would the army follow you?

Your late chairman Mao Zedong said that circumstances are stronger than the individual. Now history puts China into a great circumstance of change in which she has to change, no matter whether she wants to change or not. It is the historic destiny and the will of the people that tyranny and slavery must be replaced by freedom and democracy. This cannot be held back by any force. Fortunately, you still have the chance to choose the means by which you will participate in this moment of historical change.

If those among you who still have merit and morality to see clearly what the situation is, and to wake up to grasp this historical chance, to overcome difficulties, to change entirely, to alter the current system, and to implement real

democratic reforms, as the first step you must give freedom to the press, unleash other parties, and release all the political prisoners. If you do so, people would support you. You must understand that people are reasonable. No matter who they are, no matter what they have done historically, good or bad, if they would make the choice that benefits the people in this historic moment, people would evaluate them properly. If some among you courageously make the just choice in concurrence with the historical trend, then we can find a way to peacefully transform dictatorship to democracy, with the precondition to guarantee the harmony of the whole nation. History will record those who devote themselves to this peaceful transformation.

Otherwise, if you continue being ignorant in this historical moment, listening to those who are intransigent unto death, and continue to suppress the democratic demands from the people, then the people will be forced to use a revolutionary form to take their rights back. Thus, again you become unforgivable historical criminals against the people. In the future, not only will you be punished, but your descendants will be ashamed—they will be ashamed to even mention your names. Gentlemen, if you don't care about your own end, you should care about that of your offspring. Why would you look after your own small benefit, by doing something that damages the happiness of your offspring? Some of the unwise among you believe that to keep the single-party tyranny is to maintain the happiness of their descendants. That is, to attempt to drive south by taking a northbound track. The reality is that the Chinese people hate dictatorship and tyranny. As long as the single-party tyranny exists, the danger of your being overthrown continues. Disaster arises from the very inside. It could come any day. It comes close enough to destroy you, it reaches as far as to affect your descendants. You have to think again, again, and again.

In age, you are respectable seniors to us. Although some of you have done and are doing things that hurt the people, the rationality of democracy asks us to think calmly and give you the final admonishment in a most rational way. There are now two roads in front of you—one dark, the other bright. You have the right to choose. But time is running out. We sincerely hope that you will not lose this last chance, that you will wake up and choose the correct road.

No matter how much you hate the power of the pro-democracy movement, to us there is no permanent enemy. All we fight against is the single-party tyranny. Everyone has a chance to give up evil to the good, if he will. We wish you would come out of the darkness, into the light.

increased police guards” have been deployed along the border with Hong Kong, and even along the border between Guangdong and Shenzhen, a Special Economic Zone, to “stop a feared influx of migrant workers spilling into Shenzhen.”

On the campuses, lives are regulated to the point of absurdity. All students are now required to spend one year in military training (largely political indoctrination), although the program is backfiring by enraging the students against the Army and the Communist Party. At Beijing University, the main site of the Democracy Movement ferment in the 1970s and 1980s, new regulations were posted banning expressions of public dissent such as booing, whistling, and unauthorized gatherings. Even hugging, kissing, and holding hands in public have been banned.

Memorial services for deceased political leaders have been banned. It was the public memorial services following the death of Zhou Enlai in 1976 and Hu Yaobang in 1989 that precipitated the mass demonstrations for democracy.

It is feared by the leadership that the next round of resistance to their tyranny will not be restricted to demands for reform, as in the past. The brutal response to the mild demands of the students in 1989 showed that there will be no softening of the Communist Party rule. Also, the collapse of communism in Russia clearly demonstrates that the “impossible” is indeed possible.

One of the leaders of the resistance abroad, Ni Yuxian, first deputy chairman of the U.S.-based Democracy Freedom Party, returned Oct. 11 from a 20-day clandestine tour of China with four associates. Ni, whose party stands out among the primary three (somewhat interconnected) dissident groups as demanding an end to Communist Party rule, told a press conference in Hong Kong that “once the party begins to collapse, it will collapse very quickly,” which will be provoked by Deng’s death, if not before. Ni met with dissident groups throughout the mainland, reporting that the number of these groups has grown since the massacre at Tiananmen Square. “The movement, of course, includes party cadres and military officers. We have members in the Chinese military and we want to prepare them to lead the people if there is a collapse,” he said.

The handwriting on the wall for the Communist Party is causing some party cadre to look for other employment. President Yang Shangkun, one of the few remaining “Old Men” of the Maoist days, admitted the problem at the speech on “Double Ten” day, Oct. 10, honoring the 1911 Republican Revolution led by Sun Yat-sen. “Currently,” he said, “some comrades have expressed worries, even doubts, about the future of Chinese socialism.” He quoted Deng that “in the final analysis we must convince the people by the results of our own development.”

## **The economic collapse**

It is precisely the failure of the economy that is leading to the next explosion. A revealing study done by the official

*China Daily* reported, “While China boasts proven coal reserves of more than 900 billion tons and the richest hydropower resources in the world, the fuel shortage is a serious problem that has long troubled industrial leaders. Some industrial enterprises are forced to run at half-capacity and others stay idle for days.” The coal reserves in the current pits are nearing exhaustion, without replacement capacity being developed, so that coal production is expected to actually decline. The oil outlook is also “gloomy,” says the report, since “few new oil fields have been found in recent years to replace the existing ones, some of which are almost drained. Since the government has not significantly increased its investment in the energy industry in recent years, the development of power plants has slowed.” The outmoded state of the industrial sector is itself a drain on the scarce energy, since the “outdated facilities consume large amounts of energy and produce high amounts of pollution.”

Similar studies of the water, transport, and storage sectors, with the same conclusions, were published after the devastation of the floods in July, much of which could have been avoided by the infrastructure investment which had been sacrificed to investments in the “new Hong Kongs” along the coast. Japanese diplomatic sources report that Japan has continuously encouraged the Chinese to transfer their emphasis toward the vast infrastructure needs of the interior, but with little success.

## **Food crisis emerging**

The food situation has been relatively stable during the reform years, primarily due to the return of the land to the peasantry and the end of collectivization after the Cultural Revolution. But investments in agriculture have decreased regularly since the early 1980s, again because of the “coastal development” scheme, with the necessary result that food production per capita has decreased annually. Now with the floods, Beijing has been forced to increase foreign purchases by over 50%, and the lack of delivery systems and storage capacity has created pockets of famine.

On Oct. 2, the official news agency Xinhua announced a new “nationwide drive to care for and save grain.” The announcement states: “Currently, we have only enough grains (and cotton) to meet the standard of having just enough to eat and wear.” In typical P.R.C. fashion, the policy demands that all “propaganda departments, educational departments, trade unions, Communist Youth Leagues, and women’s federations must list the task as an important item on their agendas, strengthen propaganda and education to make the drive a household concern and deepen it in people’s minds.” The slogan is, “It is glorious to save grain and shameful to waste it.”

The government has also recollectivized 20% of the agricultural land, amid accusations that the flood damage was largely the peasants’ fault for failing to maintain the flood control systems!