

given the Chinese the blueprints for the Lavi, the advanced version of the U.S. F-16.

In November 1987, the Israelis clinched their multimillion-dollar deal for the supply of an advanced missile guidance system to China. The deal was made during the Nov. 23 trip to Beijing by five representatives of IMI. The secret visit had been arranged by Israeli Consul General Merchav. The middleman for the deal was Zvi Gafni. A month later, Gafni was arrested by the Hong Kong police for trafficking in heroin.

The narco-connection

China is, and has been, one of the world's largest producers of opium, operating as part of the Golden Triangle production center of Yunnan province in China, northern regions of Burma, northern Thailand, and Laos. Israel has long been the world's most important middleman in the dope trade. This is one of the secrets of the Chinese-Iranian-Israeli combination.

Gafni was arrested on Dec. 19 as he was about to flee to the Portuguese colony of Macao. He had previously been convicted of drug trafficking in Hong Kong in 1984. Asian police sources believe that Gafni's ring does not restrict itself to heroin smuggling, but also deals in Medellín, Colombia cocaine, which it smuggles into the United States through Mexico. Gafni has also been involved in smuggling Western computers to Warsaw Pact countries.

The main front company which Shaul Eisenberg used to set up the recent Israeli-Chinese arms deal is Gafni's Liberian-registered, Hong Kong-based, Dubia. No ordinary firm, Dubia's staff includes the adopted son of a member of the Chinese Communist Party politburo, and a son of another senior Chinese state official. Dubia works particularly closely with the Chinese North Industries Corporation (Norinco), one of China's largest arms producers, and Poly Technologies, Inc., the largest P.R.C. arms firm with family ties to the leadership of the People's Liberation Army.

Intelligence sources stress that China's meager holdings of foreign exchange would be grossly inadequate for the recent multimillion-dollar purchase of Israeli equipment. These sources believe that the purchase is being financed by joint Israeli-Chinese dope sales, or simply by bartering opium products with the Israelis.

Reportedly, the Chinese intend to expand this particular arms-dope connection through the commercial development of Hainan Island in the south, which is slated to be the site of luxury hotels, casinos, and other money-laundering and transshipment facilities. According to sources, China will develop the island in cooperation with the West, in particular with Anna Chennault, widow of famous OSS Gen. Claire Chennault and owner of Flying Tigers airlines. Anna Chennault is also, not coincidentally, the liaison to Beijing for George Bush, the United States' first diplomatic representative to the People's Republic of China.

Inside Beijing's Forbidden City

by Linda de Hoyos

By contrast with the Maoists at Harvard University, the ruling majority of the Chinese leadership has realized that the Maoist years of radical nihilism brought China to near total ruin.

The Great Leap Forward and the communalization process of the 1950s destroyed the fabric of Chinese rural life. The Cultural Revolution of 1966 to 1976 represented not only a xenophobic assault on all forms of Westernization, including science and technology, but was an attack on China's ruling class—the intellectuals who comprised the mandarin scholar-class of the government bureaucracy. A new Chinese study of Mao, "Mao Tse-tung's Thought and the Chinese Cultural Tradition," notes that the Cultural Revolution was in part inspired by Mao's study of ancient Taoism—the nihilistic doctrine traditionally found in the peasant overthrow of dynasties from which the "mandate of heaven" has been withdrawn.

If China is to re-emerge as a world power, such doctrines must be overthrown. The end of ideology and the reassertion of China's historical pragmatism was summed up in Deng Xiao-ping's famous quip, "It doesn't matter if the cat is white or black, as long as it catches mice."

The crux of this turn away from the ideological obsessions of Maoism is the construct, "Socialism with Chinese characteristics." In practical terms, this translates into "socialism"—that is, the retention of power by the Communist Party leadership in Beijing—with "Chinese characteristics"—as much freedom, primarily economic, as will bring back into play the Chinese family's trade and entrepreneurial talents.

Revival of the farming family?

Stephen Mosher's 1982 book *The Broken Earth* graphically described the way in which the standard of living of most Chinese farmers fell drastically during the Maoist years. Whereas in old China, since families always hit upon hard times, each family was permitted as best as it was able to build up a certain surplus in the form of luxury goods or accumulation of land. The Mao years destroyed this familial-based surplus completely. The attempt to give this right back to the farmers—comprising 800 million of China's 1 billion population—is the heart of the reform program.

In 1980, Deng began the process of dismantling the communes, with an eye to ending the dampers placed on China's agricultural productivity. From 1949 to 1956, China had full private ownership of land, when the land seized from the landlords and gentry was divided among farm families. Col-

lectivization took place in 1956. Under Deng, in 1980, land was again divided among farm families, but ownership remained with the state, with tenants having contracts for up to 15 years. Nevertheless, this step created a leap in agricultural productivity, especially in 1984-85, when the farmer was given control over sections of the land for his own use and profit. The communal straitjacket, which had produced conditions in which commune members worked less than five hours a day, had been lifted. This process was further advanced with the April 12, 1988 amendment to the Constitution permitting transfer of the use of land from one family to another. Beijing is now entertaining the possibility of full private ownership of land.

Deng and Co. are also attempting to transfer the same principle from the countryside to the city. This year, managers or technocrats were given control over enterprises, with power to circumvent or supersede the local party bureaucrat. This measure, associated with Zhao Ziyang, was sustained even in January 1987 and the so-called left-wing turn that resulted in the ouster of general secretary Hu Yao-bang. This measure is a major political challenge to the party bureaucracy of 40 million "cadre," many of them illiterate or semi-literate.

In addition, the government is moving to execute plans for reviving home ownership; national public bidding in infrastructural construction; and other such measures, including the lifting of price restrictions and subsidies. Most of these reform measures are primarily social, not economic measures.

Furthermore, the Chinese central government has continued its assault on the family with its continued enforcement of the one-child-per-family law. This law, which hits at the institution Chinese culture holds most precious, cannot but continue to instill deep distrust of the central government and a sense of cultural pessimism. The campaign has already had its effects, with new reports that young people are co-habiting, sharing partners, and defying the strict Chinese norms of marriage. According to some Chinese press, the policy has been nearly given up in the rural areas, with families permitted to have two children, particularly if the first is a girl. Nevertheless, party cadre continue to call for "strict" enforcement of the ruling.

Mandarin revival?

The Chinese cultural matrix, Japanese experts report, revolves around the trinity of family, money, and power. Money resides with the family, which has no power in its own right. Power resides with the state, which must devise ways to gain a certain portion of the money to sustain itself and the government. The Maoist years represented an onerous crushing of the family and its productive capabilities by the awesome power of the central government. Now, if national leaders are to revive the processes of financial accumulation which reside with the families, they must also seek

to maintain their part of the equation. To this purpose, the government is cautiously attempting to revive the mandarin-scholar bureaucracy.

In April, the central government announced that it would reorganize its bureaucracy, cleaning out 20% of its personnel. Targeted will be party members who do not make it into the "technocrat" mold epitomized by Zhao Ziyang's State Council and its spinoff think tanks.

Mao's death and the end of the Cultural Revolution in 1976 began the process of "rehabilitation" of the nation's intellectuals. But 12 years later, there remains bitter controversy over this issue, as the student protests in December 1986 and again in February 1987 demonstrate. China's press is rife with articles complaining of low pay and inadequate utilization. An article in Beijing's *Sports Daily* in March claimed that 60% of Chinese intellectuals now suffer from differing degrees of illness because of poor living conditions and heavy workloads. The article asserted that China's intellectuals are on average dying at an earlier age than the rest of the population, citing a statistic that half of the intellectuals who died in recent years were aged between 40 and 60—below the national average.

The rehabilitation of the intelligentsia, however, is producing a surprising side effect: The overall educational level is declining. The number of high school graduates dropped precipitously from 7.2 million in 1979 to 1.96 million in 1985, with the number of high schools declining from 192,152 to 93,221 in the same period. A census taken in 1982 found that 236 million of 1 billion people were illiterate or semi-literate. China ranks 132nd out of 149 nations in per capita spending for education, according to UNESCO. These figures reflect not only China's financial squeeze, but the reversal of Maoist egalitarianism as the mandarin-elite is rebuilt.

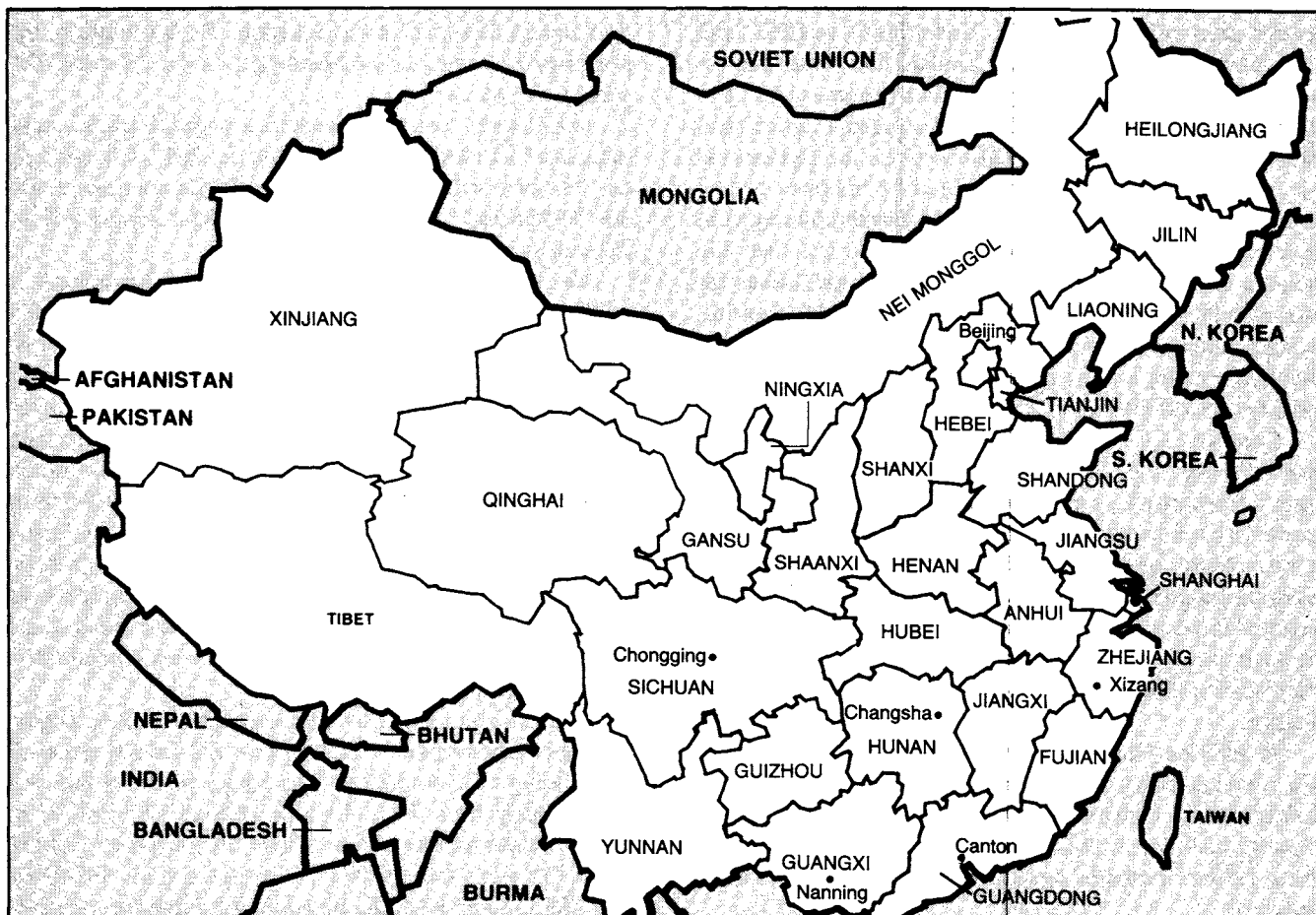
Factions in flux

"There are three intellectual forces interacting on the Chinese scene," stated Chinese Academy of Social Sciences Vice President Zhao Fusan in an interview in the French daily *Le Figaro* on Oct. 27, 1987. "First, traditional Chinese thought, principally Confucian; then, Marxism; and last, Western non-confessionalism, liberal democracy. These three currents overlap and will determine the course of future development."

The Marxist group has taken the back seat for the moment in Beijing, after an apparent brief resurgence in the aftermath of the January 1987 ouster of Hu Yao-bang as general secretary of the Communist Party. The October party congress resulted in the removal from the Central Committee of Deng Liqun, the leading spokesman for the "campaign against bourgeois liberalization" and the 1983 "campaign against spiritual pollution." A benchmark for the freezing out of this group is the final dismantling in April of *Red Flag*, the party theoretical journal.

From the other side, the Confucianists would appear to

The provinces of China



be under assault by the “liberal democrats” whose most outspoken proponent is Fang Lizhi, the internationally known astrophysicist who was expelled from the party for his role in fomenting the December 1986 student protests. A summary statement of the ideas of this grouping was given by Su Shaozhi, former director of the Institute of Marxism-Leninism-Mao Tse-tung Thought, in the *People's Daily* March 8, 1988: “China’s recent experience proves that, without a competitive and healthy market system, it is very hard to stop administrative interference and arbitrary and bureaucratic decisions and for firms and entrepreneurs to make full use of their potential.” The communist-Chinese system “was created in a revolutionary war and in a period of setting up socialism. Mandatory control got stronger and stronger through mass movements. This is not suited to economic, political, and cultural modernization in a period of peacetime.” Su calls for more elections, rotation of posts, separation of powers, and measures to protect civil rights.

Within this last faction, there are likely two trends, just as there were in the 19th century. One looks to Western democracy, and is regularly featured in the Western liberal press as Soviet dissidents have been.

The other tendency may look to Japan—a nation which has adapted, but not rescinded its culture, and emerged as a

modern nation. In April 1988, Geng Yunzhi, of the Institute of Modern History of the Academy of Social Sciences, declared, “The tendency to negate the ‘New Culture’ Movement which developed after 1919 and revive Confucianism is absolutely unacceptable. Many suggestions have been heard in recent years to revive Confucianism, and some people have even recommended it as a way to China’s modernization. . . . The earliest attempts [since the 1911 Revolution] toward the country’s modernization were made by criticizing Confucianism and smashing the trammels of Confucian political and ethical theories.”

Then Geng points to Japan as a model, an unusual reference in the Chinese press these days. “Some cite the example that the Japanese have succeeded in improving their enterprise management by Confucian ethics. . . . Could Japan build up a top-rate modern economy merely by Confucian ethics without progress in its political and economic systems?”

This is a pointed question, implying correctly that China cannot survive by merely reviving the imperial methods of the past. The past will not provide the answer for the economic timebomb China faces today.

Next: China’s economic crisis

SPETSNAZ



SPETSNAZ

In the Pentagon's "authoritative" report on the Soviet military threat, *Soviet Military Power 1988*, the word *spetsnaz* never even appears. But *spetsnaz* are Russian "green berets." Infiltrated into Western Europe, *spetsnaz* have new weapons that can wipe out NATO'S mobility, firepower, and depth of defense, before Marshal Nikolai Ogarkov launches his general assault.

ELECTROMAGNETIC PULSE WEAPONS

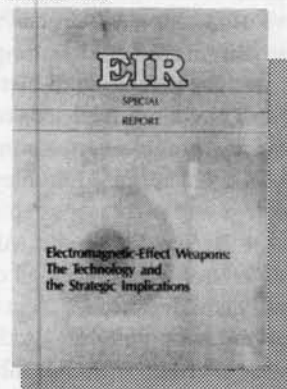
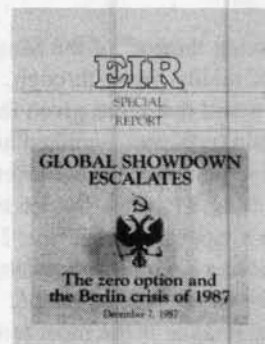
At least the Pentagon report mentions them—but only their "defensive" applications. In fact, they can be transported by *spetsnaz*, finely tuned to kill, paralyze, or disorient masses of people, or to destroy electronics and communications. With EMP, as strategic weaponry or in the hands of *spetsnaz*, the Russians won't need to fire a single nuclear missile to take Europe.

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