

Myth of the 'Chinese superpower' exposed

by Mary Burdman

The garish May 10 cover story of *Time International* magazine, "China the World's Next Superpower," a replay of similar extravaganzas in *Business Week*, the London *Economist*, and other publications, follows a series of "flavor of the month" commentaries in the European and American press on the looming Chinese military "superpower" poised, it appears, for showdown with Asia and the world.

Yet for all the gloss, the text of the *Time* article, if read carefully, itself exposes the terrible weaknesses of the Chinese economy, which is hardly of "superpower" status. Even Lee Kuan Yew, the *éminence grise* of Singapore who is attempting to broker the creation of a "Greater China" encompassing the vast work force of the mainland with the wealth of the Chinese diaspora, was quite sober in his estimate of the Chinese "superpower" in an interview with the French daily *Libération* in early April. The strategic ambitions of the Chinese are almost impossible to predict, he said, but "whatever they want to do, their economy must be up to it. You cannot become a military power without having a powerful economy." Because of this limitation—their weak economy, Lee said, "China would avoid conflicts for the next 10 to 15 years."

Time admits that China's present military capabilities are only at about the level of western forces of the 1950s or 1960s, and although spending is rising rapidly "percentage-wise," in actuality it is rising from rock bottom in the 1980s.

Another article on the Chinese economy notes the "squeeze" on China's 800 million peasants (80% of the population), and the "downward spin of the rural economy," which is, of course, the basis of the entire Chinese economy. Rural unemployment will rise to 200 million by the year 2000, *Time* reports, and "disorder" is rising both in the countryside and cities. The energy sector is plagued by daily "blackouts and brownouts" which constantly halt factories and cities alike, and even doubling the current capacity will not begin to suffice, it admits.

The single most interesting item in the *Time* spread was a brief passage in an article on religion. "There is a widespread renewal of interest in Daoism, the syncretistic folk religion concerned with magic and soothsaying and divination using

the . . . Book of Changes." Daoism is something far different from folk magic. This ancient religion and mass movement, preaching ever-recurring, uncontrollable cycles of "yin-yang" and "good-evil," has been the source of disaster and national self-destruction in China for millennia. If such a mentality, most lately seen in one form in the Cultural Revolution, gets loose in China, the nation's survival will be at stake.

Russia learns truth about China model

But despite the glossies, a truthful picture of the situation in China is breaking into the international press. On May 5, the widely read Moscow daily *Nezavisimaya Gazeta* published an article by Prof. Taras Muranivsky, which warned Russian and Ukrainian leaders who think that the "China model" might be an alternative to International Monetary Fund "shock therapy," to study the work of the Schiller Institute before they take that road. Muranivsky quotes from reports published in *EIR* in November 1992 documenting the failure of the "China model" and the economic disaster developing in China (see *EIR*, Nov. 13, 1992, p. 10). Muranivsky also quotes "the American economist and public figure Lyndon LaRouche" on how "China today is destroying itself," as hundreds of peasants crowd into the coastal "free" economic zones, which are slave-labor camps on the model of Nazi concentration camps.

The *Nezavisimaya Gazeta* editors, who headlined Muranivsky's article "China: The Countryside Becomes the Center of Social Tension," added an Itar-Tass dispatch on "dangerous unrest" in Dachu Chung, the supposed "model of Chinese reform" near the northern port city of Tianjin. Per capita income in this town, which has 200 small clothing factories, exceeds the national average by a factor of five, but, the paper noted, "it has long been suspected that their prosperity is based on the low-paid labor of migrants from poor regions."

The leading German daily *Frankfurter Allgemeine Zeitung* also featured a commentary on May 3 casting doubt on the "superpower" future of China. China is no model for Russian reform, and it is questionable if China really is such an economic success after all, the paper wrote. Agriculture is becoming the "orphan" of the economy, as farmers' income shrinks, and the results of the government's policy of favoring certain provinces has created stark differences in regional development and an open split in incomes between those working in the overheating special economic zones and the continued poverty of the 200 million farmers who have been streaming into the cities in the recent weeks. This situation threatens to get out of the government's control, the *Frankfurter Allgemeine Zeitung* stated.

To imitate the China model would only make sense for Russia if similar conditions prevailed there now as they did in China in the 1970s, which is not the case, the *Frankfurter Allgemeine Zeitung* wrote. Deng Xiaoping began his reforms

where there were remnants of the markets, in agriculture, a situation Russia cannot return to. In addition, Mao Zedong's Cultural Revolution had greatly weakened the Chinese *nomenklatura*, so that they could not resist the reforms. China never had to undergo anything like the destabilizing imposition of "shock therapy" from the outside, as did the eastern European countries.

Second thoughts in China

Some doubts about the "China model" may be also developing inside China itself. A most interesting article was published in the *China Daily*, the official English-language Beijing government newspaper, on May 8.

The article reported that a group of Chinese economists warned at a Beijing conference sponsored by the Chinese Academy of Social Sciences that dependence on cheap labor for fast "economic growth" will lead to serious problems for the Chinese economy.

Prof. Xue Mouhong, vice president of the China Association of Asian and African Studies, said that it is self-deceiving to paint "too rosy" a picture of the economic prospects for the Asia-Pacific region, and warned that growth in China is going beyond rational speed limits. He warned of the danger of high inflation, and said, "We have to look reality in the face."

Most conference participants held the view that "undue propaganda of imaginary future glory might fuel rashness," the *China Daily* article stated. Despite high growth in China in recent years, it is very questionable if that growth can be sustained, many were reported to have said.

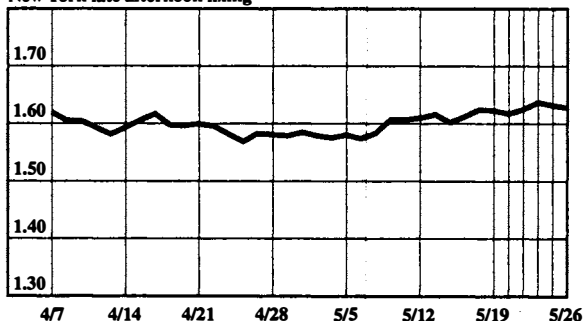
Prof. Feng Zhaokui, vice director of the Institute of Japanese Studies at the academy, warned against "bubble economies" in the region. Rapid economic growth in some developing economies in the Asia-Pacific region is partially based on cheap labor during the pre-industrialization process, and some countries, including China, have been too concerned with immediate profits to learn new technologies, he said. Professor Feng doubted that there could be sustainable economic growth in Asia-Pacific nations which continue to count on the low cost of labor. "We will have to pay for our ignorance after we have exhausted the potential of cheap labor," he said. The Japanese method of technology support may provide "food for thought" for these countries, Feng stated.

Even the prospect of China re-entering the General Agreement on Tariffs and Trade was downplayed at the academy conference as no panacea for China's economy. Conference participants "poured cold water on blind enthusiasm" for GATT. Prof. Kong Fanchang, of the International Trade Research Institute of the Ministry of Foreign Trade, said that GATT is now on a downhill path. Even if China enters GATT, its own outdated management and other economic problems will be a serious challenge in attempts to compete in the international economy, Kong warned.

Currency Rates

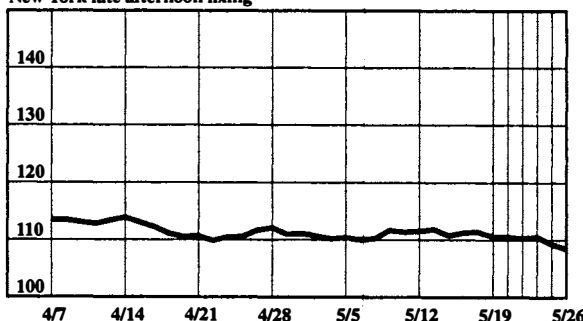
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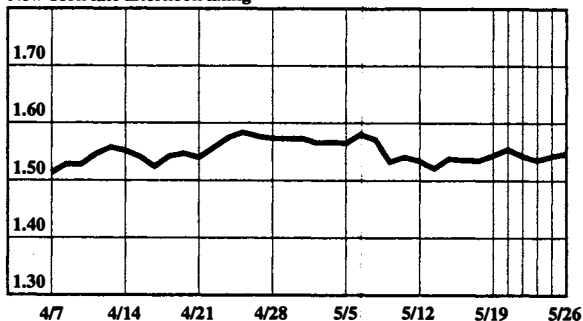
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The British pound in dollars

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