

## Self Criticism in China

We were pleased to note Hu Jintao's statement accompanying the release of the decision made at the 5th Plenary, a distinct reference to a change of emphasis in the direction of China's internal development.

Simply, following Deng's projection for development and its slogan "Get Rich First," the 2006-2011 projected Five Year Plan will have as its new direction concern for "Common Prosperity."

This is the first time that there has been public criticism of Deng Xiaoping. Nonetheless, a month ago we wrote an essay and distributed it to a small personal group which we now release to our list serve and fellow believers in a world changing from the dominance of a single super power. It's title is "The Ying and Yang of Deng Xiaoping" and it is attached to this note.

Sincerely,

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### The Ying and Yang of Deng Xiaoping

**By Sidney J. Gluck**

One cannot deny that Deng followed through with the ideas enunciated by Chou En Lai to modernize, create a market, and open to the West. He successfully convinced the CCP leadership that emerged after the Gang of Four to promulgate the 1978 economic revolution which has resulted in world-shaking changes and many complex relationships and contradictions, internally and in foreign policy. The 21<sup>st</sup> century, regardless of the degree to which the Chinese economy and political structure satisfies the ideals of socialism, will challenge imperialist globalization dominated by the USA. One can go on with figures that show the phenomenal changes from a backward country some 25 years ago to one in which major improvements, though uneven, appear from year to year. The stated goal is to have an average family income equivalent to \$15,000 (in 2002 values) by 2050. Nonetheless, one must take note of Deng's over-enthusiasm and emotionally-driven judgments that helped create difficulties in the process. These include:

1. Despite his warnings in 1985 that China had no history of democracy and the Party must develop democratic forms, in 1986 he moved against the liberal approach of then Premier Hu Yaobang who was removed and is now being rehabilitated posthumously. Furthermore in 1989, he did not withstand personal criticism of his rigid position concerning negotiations with the students, creating a deadlock and confusion, allowing anti-government forces to create violent incidence and confusion that prompted military involvement.
2. “Get Rich” – Some will get rich sooner than others. This was hardly the way to introduce “from each according to their ability, to each according to their contribution” to the social product and accumulation, though it recognizes the need to stimulate entrepreneurial and talented labor to contribute to growth. It also legitimizes private property as a necessary incentive at the present stage. But “get rich quick” hardly posits social responsibility. It has effected the psyche and culture of the country almost to the point of uncontrollability. It certainly gave carte blanche to the Jiang Zemin regime (with whom he negotiated with in 1992) to ignore labor’s and farmer’s needs.
3. Knowing that SOE’s management and fiscal responsibilities would be relieved of social services and entitlements for jobs, social security (retirement), health, housing, etc. No alternative plans were proposed for transition to modernization and its effects on the conditions of workers and peasants.
4. Interviewed in 1979, Deng expressed the nationalistic notion that Opening to the West would bring foreign capital into China from wealthy Chinese in the Diaspora. No mention of Western capitalism as a whole, finding profitable areas of investment that would bring non-nationalistic ideological baggage with it.
5. In 1972, he gave carte blanche on economic development to the Shanghai Jiang group. No mention of restraints or forms of governance, with a plea to the 3<sup>rd</sup> Generation to find democratic forms of expression in leadership that would not ape the West.
6. No consideration of the need to reorganize the activity of trade unions for the protection of the work force against private and foreign capital. Hence, the rapid growth of joint ventures and foreign capitalized enterprise had an opportunity to corrupt officials who had not been guided by social precepts, though goaded by “get rich” (we learned that 4,000 leaders sent \$50 billion dollars out of the country and fled persecution in the last 10 years).
7. Abandonment of classical economic theory and the concept of surplus value resulting in a rapid development of an income gap rivaling the USA. This is a major social problem in China today (2005).

8. Creating SEZ's (Special Economic Zone) made a positive beginning; but provisions for living standards of workers was left too much in the hands of investors notwithstanding the fact that many workers did improve their near-poverty status. That's not an excuse. It tended to sanction labor abuse and corruption.
9. The obvious dependence on coal, resulting pollution and mining accidents were not dealt with and have multiplied problems in proportion to the growth of the country. While attempts to decrease the use of coal was tried, the demand for other forms of energy were too slow to keep up with the rate of growth that reopened the greater need for coal mining. The fact of coal dust despoiling the atmosphere was ignored and wetting down proper covers could have been introduced early on. The present wave of accidents is inexcusable.

Mr. Deng might have taken note of some of these problems and effected change but that did not happen for whatever reason. Yet, without his leadership the second revolution of modernization of China with a "socialist goal" might never have been undertaken.

In spite of it all, the macro-planning, especially market regulation as applied in the Hu Fourth Generation administration has been highly successful. Furthermore, the release of individual talents and abilities has been remarkable in the growth of small and medium enterprise (SME's), which until recently was responsible for the largest share of job creation. This is shifting now to new extensive capital formations. Complications in the present stage of socialism do threaten reversals, though the lack of raw materials to support the rate of growth moves China to foreign investment in developing countries in its quest for energy and other raw materials, has created "fair" trade and investment patterns on mutually beneficial arrangements that challenge the imperialist globalized domination of underdeveloped and developing nations. (On: Africa, South America, etc. The control of capital flow into China with demand for high-tech supports growth and competitiveness as a characteristic of the "road to socialism" through a number of stages, challenging stagnation in the West (Japan, the EU and a shaky US living on indebtedness).

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### **New Five-Year Plan to see revolutionary changes**

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BEIJING, Oct. 11 (Xinhuanet) - The 16th Central Committee of the Communist Party of China (CPC) concluded its fifth plenary session here Tuesday afternoon, which examined and approved proposals for formulating the 11th Five-Year Plan for

National Economy and Social Development.

The four-day meeting discussed a draft proposal set forth by the CPC Central Committee on the 11th Five-Year Plan (2006-2010).

Participants at the meeting comprises 191 members and 150 alternate members of CPC Central Committee. The Political Bureau of the CPC Central Committee presided over the meeting.

Hu Jintao, general secretary of the CPC Central Committee, gave a working report on behalf of the Political Bureau of the CPC Central Committee. Premier Wen Jiabao made an explanation on the draft proposal. China's new Five-Year Plan, the roadmap for the country's development in the next five years, will bring revolutionary changes, analysts said here in Beijing.

### From "Getting Rich First" to "Common Prosperity"

The theory proposed by the late chief architect of China's reforms, Deng Xiaoping, in the 1970s to allow some of the people to get rich first will give away to "common prosperity" in a bid to bridge the growing gap between the rich and the poor, and to avoid polarization of the society.

That is a historic adjustment to the pattern of five-year plans since China changed its approach to economic and social development in the 1970s.

"It shows that the CPC will give special attention to the construction of a balanced mechanism under a market economy," said Hu Angang, an expert on macroeconomics at Qinghua University.

After China decided to launch economic reforms in 1978, Deng Xiaoping proposed the principle of allowing some of the regions and some of the people to get rich first to achieve a final "common prosperity".

The new idea departed from the egalitarianism, yet managed to energize the country.

More than 20 years later, the average Gross Domestic Products (GDP) per capita has risen above 1,000 US dollars and is expected to reach 3,000 US dollars in 2020.

But China's rapid economic growth engendered new problems.

The lowest-income families, comprising the bottom 10 percent of all families, owns less than 2 percent of all the residents' assets in the society, while the highest-income families, or the top 10 percent of all the families, own over 40 percent of the total assets, government statistics show.

Chinese leaders have warned against extremes of poverty and wealth, increasing unemployment and intensified social conflict.

"Common prosperity is not an unreachable goal, but the basic principle and pursuit of socialism," said Hu.

### From "Growth Rate" to "Sustainable Development"

The recognition that economic growth is not equal to economic development and that growth is not the final goal of development, will be included in the 11th Five-Year Plan for the first time, said analysts.

Top leaders have criticized old concepts of economic growth many times, saying that "economic development at the center" does not mean "with speed at the center."

Blind pursuit of economic growth has led to blind investment, damage to the environment and false statistics. The country's helmsmen are worried that without changing China's concept of growth, the economy might develop an unbalanced structure with a lack of driving power.

In the 11th Five-Year Plan, the economic growth will be defined as "Serving the people to improve life quality," said analysts.

"A prediction can be made that in the next five years China will pursue growth in a fair, balanced and sustainable way," said Tang Min, chief economist with the Asian Development Bank's China office.

China will control the use of foreign investment in the 11th Five-Year Plan period, said experts.

Government statistics show that foreign trade accounts for over 70 percent of China's economy. Frequent trade frictions have caused huge costs to the economy.

China has become a major consumer of energy resources in the world. International energy institutions predict that from 2002 to 2030 around 21 percent of the world's new demand for energy resources will come from China. In 2004, nearly 50 percent of the petroleum used in China was imported.

China will try to change its heavy reliance on foreign investment and resources to secure its national economy in the next five years, said analysts.

### Favorable to Social Services

The new five-year plan will bolster social services to deal with the imbalances in economic and social development, said analysts.

China's top leaders stressed that it has become urgent to solve the problem of strong economic growth accompanied by weak social development.

The problem of social security is particularly serious in the countryside, where the medical care system and welfare are extremely weak.

During the period from 1993 to 2003, the number of people with no access to medical insurance in the country increased from 900 million to one billion, with the percentage rising from 67.8 percent to 80.7 percent. The number in the urban area rose from 96.53 million in 1993 to 300 million in 2003.

"In the next five years, China will place more emphasis on science and technology, education and health care in policy and investment," said Ding Yuanzhu, a researcher at the economic and social development research institute under the National Development and Reform Commission.

All rural children are expected to enjoy nine-year of free education before 2010, which will reduce farmers' economic burden by 100 billion yuan (12.37 billion US dollars) every year, analysts said.

"The poor and the weak will get more protection and have greater access to social welfare," said Ding. Enditem

Source: China View via China Study Group Boston