



Has China Really Gone Capitalist?

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“Despite the ruling party’s name, China is no longer a communist country.” So declares Scott Kennedy, assistant professor of East Asian languages and professor of political science at the Indiana University Bloomington campus. Prof. Kennedy’s pronouncement appears on an IU webpage announcing a major conference on “Capitalism with Chinese Characteristics,” which took place May 19-20, 2006 at the university’s Kelley School of Business. Professor Kennedy was one of the main organizers of the conference.



Statements like Prof. Kennedy’s are common these days. Those who make these assertions back up their claims by pointing to the fact that the People’s Republic allows millions of small entrepreneurs to own shops and sell goods and services; has permitted thousands of foreign firms to invest and set up business in China; and lets millions of tourists travel in areas previously closed to foreigners. Additionally, they point to China’s gleaming factories and skyscrapers, and the rapidly rising standard of living of a hundred million or more Chinese in China’s booming coastal cities.

False Front

So-called experts made similar statements in the 1920s about Soviet dictator Lenin’s New Economic Policy (NEP). Armand Hammer, Averell Harriman, Henry Ford, and other capitalists rushed in to invest. Journalists and professors hymned praises to the “former” communist country’s remarkable economic and technological progress and its new freedom. Then came the brutal reign of Stalin. But Stalin only carried out what Lenin himself would have done, had he lived a bit longer.

This is how Lenin described the strategy behind the NEP to his fellow communists:

The Capitalists of the world and their governments, in pursuit of conquest of the Soviet market, will close their eyes to the indicated higher reality and thus will turn into deaf mute blind men. They will extend credits, which will strengthen for us the Communist Party in their countries, and giving us the materials and technology we lack, they will restore our military industry, indispensable for our future victorious attacks on our suppliers. In other words, they will labor for the preparation for their own suicide.

The “reforms” that were visible to Western visitors during the NEP quickly vanished once the Communist Party decided to clamp down. The Party had loosened its grip for a time, but it had never given up the power it would later need to reassert totalitarian control.

Deng Xiaoping, the communist leader who launched China’s “Capitalism with Chinese Characteristics” in 1978, is exalted both in the West and in China as the man who started China’s “reform” and its



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“transition” toward capitalism. But Deng was steeped in Marxism-Leninism. He made very clear that he was following Lenin’s NEP deception model when he told China’s Communist Party Central Committee in 1977:

In the international united front struggle, the most important strategy is unification as well as struggle.... This is Mao Tse-tung’s great discovery which has unlimited power. Even though the American imperialists can be said to be the number one nation in scientific and technical matters, she knows absolutely nothing in this area. In the future she will have no way of avoiding defeat by our hands.... What we need mainly is scientific and technical knowledge and equipment.

In 1989, after more than a decade of smiling diplomacy and the supposedly liberalizing influence of trade, Deng and his “liberal” lieutenants presided over the horrendous Tiananmen Square massacre. Still, the China trade lobby was unfazed. Henry Kissinger, Alexander Haig, Lawrence Eagleburger, Brent Scowcroft, and David Rockefeller (to name but a few) rushed forward to insist that China’s “transition” to a free market and democracy must go on, and that continued U.S. engagement was essential.

Now a new set of liberals led by Hu Jintao and Wen Jiabao reigns in Beijing. But the message from America’s academic, business, and government elites remains the same, in spite of the fact that the communist leaders, in both word and deed, show that they continue to follow Lenin’s path.

Many of China’s top Communist Party leaders and theoreticians have specifically compared their current “market socialism” to Lenin’s NEP. Sam Webb, the chairman of the U.S. Communist Party, likewise defends China’s current economic course as perfectly compatible with Marxism and cites Lenin’s NEP as its precedent.

China Now

Last May 19, on the anniversary of the 112th birthday of Mao Tse-tung, the greatest mass-murderer in history, the Chinese Communists established a new Research Academy on Marxism dedicated to the study of Marxist-Leninist Principles, Mao Tse-tung Thought, Deng Xiaoping Theory, and Jiang Zemin Theory. “The hostile forces of the West are stepping up their efforts to Westernize and divide us, the ideological struggles are intense and complicated, and Marxism is faced with harsh challenges from all sides,” the Chinese Academy of Social Sciences’ permanent vice president, Leng Rong, explains. “Under these historical conditions, it is undoubtedly a very important and urgent strategic task of the party to strengthen Marxist theoretical research, consolidate Marxism’s guiding position in the ideological realm, and uphold and develop Marxism in practice.”

Not that Beijing has ever *stopped* putting Marxism into practice. It is a totalitarian Marxist state. These are indisputable facts:

- In recent years China has stepped up brutal persecution, torture, imprisonment, and execution of all religious believers, especially Christians, Falun Gong practitioners, and Muslims.
- It has stepped up censorship of all news media and policing of the Internet.
- China executes as many as 10,000 people per year, more than eight times all the rest of the world combined.
- The PRC has engaged in “harvesting” the organs of religious and political prisoners, as well as common criminals.
- It continues its repressive one-child policy and the practice of forcing abortion on those women who



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get pregnant “out of turn.”

- China continues its policy of nuclear proliferation and supplying of armaments to Iran, Syria, North Korea, and Pakistan.
- It continues its ruthless 50-year repression and genocide in Tibet.
- It engages in massive copyright fraud, intellectual theft, and patent piracy.
- In the past few years it has stepped up its espionage efforts against the United States and has even sent its thugs into the United States to terrorize Chinese and American citizens who oppose its policies.

Hans Sennholz, the “dean” of Austrian free-market economists, is not impressed by claims that China’s new generation of leaders is different. “They all are faithful students of Marxism-Leninism-Maoism, always ready to follow the party line,” he notes. “When provoked, they may seize the foreign capital that found its way to China in recent years. Closing ranks again, they may want to lead the proletariat of the world to sweep away capitalism and point the way to ‘the dictatorship of the proletariat.’ Indeed, they may become the greatest threat ever faced by the West.”



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