

## Chinese Mystification

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A full practical understanding of the world's dominant political economy -- the place where it's inhabitants live the core of their public lives -- can be achieved by gaining accurate knowledge of the meaning of two words: capitalism and communism. That doing so is not at all difficult and yet when obtained is rarely made manifest in the public sphere explains why current world conditions are bad and that without a public consciousness of the truth will continue to worsen.

Since virtually all the world is capitalist it should be the easiest type of political economy to understand. In its fully developed form it is a market economy in which the means of production, mining (energy), distribution and communication are largely privately owned and operated for profit, and that is derived from the surplus value beyond labor power value (wages) for which the producer is not paid.

Even the most uneducated should be able to easily grasp the close relationship between communism and related terms like community and common (as in property held in common, for example, the Boston Common). In communism the means of production, etc., are held in common and democratically governed and operated by a free association of producers so that they receive the full benefits of their labor.

In these pages it has been repeatedly stated that China is undergoing a transition to capitalism and that while the process has yet to be completed it has crossed an irreversible threshold (because of lack of mass opposition and revolutionary spirit) that permits calling China a capitalist nation. Every characteristic of communist political economy has been in whole or in part supplanted by its capitalistic counterpart. The Chinese elite, soon to be a ruling class once private capitalist management becomes more fully integrated in state management, calls the transitioning process "communism with Chinese characteristics." That's like saying the Chinese invented the act of prevarication. Sorry -- nobody owns the origination of the dubious act of lying.

A recent article in the South China Morning Post bragged that China currently has the most dollar-denominated real estate billionaires in the world. 108 (and 25 more in Hong Kong) while the US only has 26. According to the article the first land sale for the purpose of building homes for profit was in 1987. The greatest source of municipal revenue comes from the sale of land previously held in common by the people of China to capitalists as part of a profit making enterprise.

It doesn't take a genius to know where those real estate billions came from. Everything involved in the creation of a home fit for sale came from the expenditure of working class labor power. Every cent of the billions came from the surplus beyond the cost (exchange value) of the labor power. Some may note that the homes would never have been built without the capitalist's initial investment -- which is capital or unpaid labor power expropriated in other times and places. It's a flagrant contradiction to say that a nation which permits such ruthless exploitation of its people can still be communist any more than someone claiming to accept the conventions of astronomy can still assert that the sun rotates around the earth.

All capitalist regimes accept lying as a standard way to impress upon the oppressed what they must believe. The Chinese growth rate has been slowing since the 2008 slump. The government has been expending huge sums to keep the decline from becoming a collapse. China's debt to GDP has grown from 163% in 2009 to 328% today. Yet with after years of slackening China still claims to have a low 4% unemployment rate.

China has what is called a household registration system (Hukou) that identifies persons by where they were born. Most of those in the cities doing working class type jobs are from rural areas where they are registered as such. It's internal migrant workforce, mostly rural to city, is 280 million. In its cities with over 10 million population the migrant component is huge: Shanghai 40%. Beijing 37%, Guangzhou 38%. Shenzhen 67%. When they lose their jobs they are sent back home to fend for themselves, farming or other make do work. They lost their jobs but are not counted as unemployed because the regime does not include non city registered workers even though they lost city jobs. Martin Hart-Landsberg estimates something like a real unemployment rate of 15% in the cities.

Of course, there is no such thing as unemployment in a real communist society. Social classes and the division of labor have been abolished. People in such a society will work, govern and protect their society, and have a personal life of their choosing. Some individuals engage in all of these activities depending on age, personal interests, and other factors. One thing they won't have is unemployment because there is no private industry and competition for jobs. The more people in the work force, the more free time for other purposes each will have.

The pervasive absurdity of the wildly distorted depictions of reality has caused a mass rising of general disgust. Currently it is aimless, it hasn't grasped the fact that only a world political economy that is near the 95th percentile on it way to full totalitarianism can be so confident as to think they can get away with foisting

such rubbish on the public without any serious consequences. Fortunately over confidence often leads to tragic consequences.

### Current Economic Data

-- The US swaps and derivatives market is like an underground opium den where the uncontrolled avariciousness of the lowest form of capitalist humanity can work out their hidden demons. The thing is, with the US real GDP at about \$18.6 trillion, it's a bit risky having these addicts playing around with \$8 trillion worth of junk securities that have become enmeshed in the functioning of the real economy. One particular egregious example of their naughty behavior is the creation of manufactured defaults. This is when one capital investment outfit screws his fellow would-be screwer by bribing a real economy enterprise to miss an interest payment thus causing the firm that sold the CDS to insure against such risks to lose money. If this seems like an outright crime it means that you haven't grasped the mentality of the capitalist which relies upon rule-based criminality. The example cited above would be perfectly acceptable if it weren't used against one's own kind. Government regulatory agencies have allowed the International Swaps and Derivative Association to attempt a minimal self-managed correction because the screwing has so far been self inflicted.

-- China reported that combined industrial production for January-February grew 5.3% from the same 2018. That's the lowest rate of growth since same period in 2002 -- 17 years. The current six month average is 5.57% -- the lowest on record.

-- The 6 month average for German factory orders was -3.4%. The worst stretch since December 2012. Industrial production has contracted in 5 of the last 6 months.

-- In 1930 the US tried to hand off its Depression to the rest of the world by enacting the Smoot-Hawley tariff measures. They are widely believed to have worsened Depression era conditions. In an example of his idea of forward thinking, the Trump tariffs seek to forestall another slump by thrashing the economy now -- kind of like how the cowpox chased away the much worse small pox. According to a Fed-NY report current tariffs increases are costing consumers and companies an extra \$4.4 billion a month. A World Bank study calculates the import increased tariff costs at \$68.4 billion for the year. Don't expect to get well soon.

-- First year of Trump's cowpox experiment: US trade deficit for 2018 widened to \$681 billion, the highest in 10 years. So far, so good.

-- The US budget deficit widened to \$310 billion in the first four months of the fiscal year. 77% higher than the same period in prior fiscal year.

– World markets suffered a major downturn on Friday. A too rapid accumulation of negative economic news forced the mass investor whistling past the graveyard to fall out of synchrony. With that they jumped from stocks to bonds driving the yield rates for 2, 5, and 10 year treasuries to fall below the 3 month. Such yield inversions have anticipated every recession since 1955.

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