

# What Went Wrong With Huarong - and China

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Most people accept that the greatest crisis the Earth and the human race must deal with is the climate catastrophe that is bearing down on us with increasing rapidity, when in actuality, it is the fear, manifested mostly as willful ignorance, that keeps us from recognizing the system that is largely the cause of the on-rushing calamity has no positive role to play in a solution. And to make matters worse, the system that was historically in place to end class division and create the unity required for the betterment of humanity as whole, along with the world that shares space and life, failed, largely do to crucial mistakes made by Lenin, and as if that wasn't bad enough, didn't just disappear, but rather left a debased simulacrum in its place that prevents its historical correction.

The political-economic characters that must be sorted before we break free from our fatal stasis are: socialism-communism, stalinism, capitalism. The basic facts are clear, Stalin led a counter-revolution in which he murdered all of the existing Marxist leadership. But reversing a complex social system is nigh onto impossible. So in the Soviet Union we had the framework of a workers state under the control of a caste (rather than class) of human parasites who are not marxists, or communists, but have come to be called stalinists.

But unlike capitalism which is built for the exploitation of the productive class, that is not the case for the communist framework seized by stalinists. There the parasitic caste had to steal behind the backs of the workers leaving the bulk of the output was retained by and for the benefit of the masses. That is a brief explanation for how material development was more rapid in stalinist Russia and China than has ever been experienced under capitalism. In Russia capitalism was restored through direct foreign imperial intervention at the cost of millions of lives which Putin managed to halt before Russia reverted to pre-revolution foreign economic domination. China learned from the Russian experience that it must maintain control of its economy for the conversion process, but now it faces a different problem: How to create a full featured capitalism while maintaining the rule of the bureaucracy. That is not possible and we are now seeing cracks in the

bureaucratic leadership. The sensational scandal of the Huarong Asset Management Bank, a state bank charged with clearing up troubled loans in other banks, and the execution of its manager, Lai Xiaomin, on January 29 for gross long-term corruption.

Two thirds of China's GDP is generated by private capitalist enterprises just like in the West. Here the capitalists enrich themselves by retaining the surplus value (value in excess of that which is paid out in wages for labor power) for personal use or to reinvest as capital. But the bureaucratic 'communist' elite also has immense wealth derived from the many so-called state-owned enterprises (SOE's) that are run along the same lines as a traditional capitalist entity with the major difference that as a state entity it can cover any loss. Huarong was one of these state-private enterprises that attracted foreign investors, including Goldman Sachs. Lai, a long time member of the Chinese Communist Party had served in many high departments of the Peoples Bank of China and other state institutions. During that period, and coming to a climax with Huarong, he engaged in wanton criminal wrong doing and moral offenses. That it took years before they surfaced can only indicate the commonality of such behavior. Lai, once known as 'the God of Wealth', left the 57% state owned Huarong \$41 billion in the hole. It may, or may not, be too big to fail, but if it is permitted to fail it will be after the July 1<sup>st</sup> celebration of the 100<sup>th</sup> anniversary of the CCP.

The court that tried and sentenced Lai determined that from 2008 to 2018 he had received bribes that totaled \$276 million. At Huarong alone he embezzled almost \$4 million. One of the charges in his conviction included bigamy; apparently a more polite way to describe his numerous mistresses (said to number 100) which Lai generously provided with homes in Zhuhai City. In March the NY Times published a piece on the widespread corruption in the Chinese leadership. Besides Lai's 100 mistresses he is said to have had three tons of cash in his home.

If the normal course of capitalist development continues, the widespread rottenness at the top will lead to the formation of a bourgeois democratic government serving primarily the interests of private capitalism. Early evidence is seen in the criticism by Jack Ma and other top capitalists. The world is not divided by a conflict between socialism and capitalist. And until it is understood that all the

powerful forces in the world are capitalist there will never be a movement to remove them from the course of human and natural destruction they have created.

Fear is a natural consequence of living under the menacing system that now rules the world. But that fear can be neutralized when dangerous conditions overcomes risk.

Recently Alexander Norton, a writer for the Morning Star (UK – former stalinist Daily Worker), confirmed his belief in Chinese communism with this statement:

*“In the 1990s and 2000s conventional Western wisdom was that China had long abandoned socialism. But by 2018, when president Xi Jinping lauded Marx as the greatest thinker of modern times at the closing speech of a 2-week celebration of his 200<sup>th</sup> anniversary and reaffirmed China’s commitment to his vision of communism, many on the left-and the right-were willing to take him seriously.”*

Overcoming stupidities like the above will serve as advancement toward the clear thinking required to solve out problems.

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