

PART III

A CHINA SPECIAL REPORT

THE NEW TELEVISION SETS OF CHINA What Will The PRC Do With 200 Million Unemployed ?

This is the final report of a 3-part series about the Government of the People's Republic of China and some of the most pressing problems that the country is facing, today.

There are estimated to be some 200 million workers in rural areas of the People's Republic of China (PRC), who are either unemployed or underemployed, thus setting the scene for unrest in the most populous country in the world.

That number does not include those millions of workers in urban areas of the country, some of whom are unemployable, for one reason or another, and many of whom cannot find employment.

If it should come to pass that just one percent of the number of known unemployed/underemployed workers of the rural areas of the country should take to the streets of a number of the major industrialised cities of the country, making demands upon the provincial governments, then, the stage could be set for another revolution, similar to that which took place in Czarist Russia in 1917.

In the case of Imperial Russia, for centuries, autocratic and repressive regimes ruled the country with an iron fist, causing the population to live under severe economic hardships, which led to appalling social conditions.

Russia's unpopular and failed involvement in World War I aggravated an already difficult situation among the peasantry and the workers, alike; popular discontent followed, resulting in the revolutions of February and October of 1917.

In the case of the Russian Revolution (known popularly as the Bolshevik Revolution) of 1917, there were those within the bosom of Mother Russia, who were constantly raking through the embers of the budding revolutionary fire, looking for any opportunity to bond the people into an homogenous group that could overthrow the government of Czar Nicholas II.

Two of the important figures of that period included the enigmatic figure of Lev Davidovich Bronstein, who changed his name to Leon Trotsky, and Vladimir Ilich Lenin, who, together with Trotsky, led the Russian workers in that successful insurrection, which changed the course of the country, forever.

That revolution led to the rebirth of the country, whose name was changed to the Union of Soviet Socialist Republics (USSR).

The PRC does not appear to have figures in the shape of a Trotsky or a Lenin, at least, they are not, at this time, well known, but the seeds of discontent are being sown in rural areas of the country, to be sure.

Also, the PRC is, already, a Communistic Regime, and it has been since 1948/1949 – unlike the Russia of Emperor Nicholas II, who wielded despotic power and tried to keep all the power to himself – at the expense of the common folk.

The PRC, today, appears to be trying to transform itself into a more capitalistic economy, veering more and more away from the left.

The transformation is having a telling effect on rural areas of the country, however.

In spite of the seemingly high economic growth of recent years, the Government of the PRC is facing rising unemployment and a growing income disparity between the more developed coastal regions and the so-called Special Economic Zones (SEZs) and the rural areas of the country.

This has come about due to the productivity gains in the agricultural sector of the economy, the growing labour force, labour retrenchment, and the restriction that the Government of the PRC has tried to enforce, proscribing labour movements from one area of the country to another.

Since about 1958, the PRC Government has tried to force rural workers to stay within the immediate precincts of their birthplaces.

It was hoped that such a policy would prevent rural workers from invading the urban workplaces of other areas of the country.

That system, for the most part, failed in its mandate and, today, there are millions of '*illegal*' workers in many parts of the PRC.

Whether or not from 1958 to about 1980, this system – known as The Hukou System – produced the desired effects, for which Beijing had hoped, TARGET cannot say, but it is fact that, in the 1980's, the entire rural workforce was employed in agricultural pursuits, regardless of the work preferences of the individual workers, who may have had aspirations other than those of tilling the soil.

As a natural consequence of higher agricultural productivity, produce prices fell; rural workers looked to urban areas for higher-paying jobs ... as workers in industrial pursuits.

There can be no doubt that the attraction of new television sets, new and modern motor cars, air-conditioning, brand-named clothing and sun glasses, a generally racier lifestyle, and a vastly improved standard of living were the magnets for the rural workers of the 1980s.

The PRC Government attempted to initiate Township and Village Enterprises as a means of absorbing surplus labour in rural areas of the country.

In the early part of the 1980s, it was estimated that about 13.60 million jobs were created, annually, by the adoption of the Township and Village Enterprise System.

The PRC Government promoted, sponsored, and financed the system.

However, the Chinese version of The Marxist Theory of Surplus Labour had at least one gaping hole: The Township and Village Enterprises could not absorb the growing numbers of surplus rural workers, who, for the most part, were displaced as the march of industrialisation in rural areas took hold.

By the 1990s, the army of unemployed and underemployed in rural areas was becoming a major problem for the Beijing Government.

But Beijing kept mum about this situation.

It is estimated that, by the middle of the 1990s, Township and Village Enterprises found themselves unable to accommodate about 5.50 million rural workers, annually – the net job annual increase declined from about 13.60 million workers to about 8.10 million workers, according to the Organisation of Economic Cooperation and Development (OECD).

Then, came another burden: The Township and Village Enterprises found themselves unable to compete with more efficient entities, elsewhere in the country.

And, there followed a mountain of non-performing loans from these Township and Village Enterprises.

Beijing had to try to sweep those non-performing loans under the carpet.

The PRC's banking system started to feel the squeeze: It buckled under the weight.

The Township and Village Enterprises were no longer able to absorb the rising numbers of workers, and many of these artificial entities, born out of well-meaning but fallacious economic thinking, collapsed, one by one.

This, therefore, was the impetus for the present unemployment situation in the PRC, thought to number about 200 million workers, according to the statistics of the OECD.

The economic problems of the country, however, do not stop here because the knock-on effect of the abject failure of Township and Village Enterprises and The Hukou System was to depress rural areas, most decidedly.

Which, of course, any economist would have expected.

But it appears that Beijing did not foresee it and, if Beijing had seen and had understood the problems, it determined to keep it a secret for as long as possible.

With incomes in rural areas of the PRC, largely depressed, due in part to the lack of suitable employment in Township and Village Enterprises and depressed agricultural prices, which was the natural result of increased and better-quality crops, the PRC Government was forced, in many instances, to subsidise agricultural prices.

In spite of these subsidies, the disparity between rural incomes and urban incomes was about 181 percent.

City dwellers, as far as the populations of rural areas were concerned, were living a life of luxury, while the populations of rural areas were just scratching out a living.

One of the many facts that the West does not seem to appreciate is that, of the estimated 1.30 billion human inhabitants of the PRC, only about 260 million of those people live in the cities.

The WTO Factor

With the Government of the People's Republic of China, now being a signatory to the World Trade Organisation (WTO), it is going to impact on that Government as multinational companies will look to cash in on the huge masses of people in the country, all hungry for Western products.

The PRC's accession to the ranks of a full member of the WTO is going to lead to increased imports of agricultural products: It is unlikely that the PRC will be able to compete with such imports.

It stands to reason that this could well lead to a further and more rapid exodus of workers from rural areas of the country.

These workers, regardless of the law, will gravitate to the cities in search of a method to keep stomachs full.

Local petty governments of rural areas, faced with less income from what they had come to think was traditional sources, will look to supplement depleted coffers by increasing fees, ad hoc.

This will exacerbate the already difficult situation for rural families.

In fact, such ad hoc fees was among some of the many ploys that were used by Czar Nicholas II in trying to fund Russia's World War I effort: It led, as history has shown, to speeding up the downfall of Imperialistic Russian

and the rise of '*Power to the People*', the rallying call of the Russian Communist Party.

The PRC's ad hoc fees, which have been collected by petty officials of certain local governments, in many cases have never been turned over to local government coffers, but stayed in the pockets of those who, by force, collected them.

Corruption proliferated, from small beginnings in rural areas to multi-billion-renminbi thefts, only some of which were exposed by high-ranking, Communist Party officials, who were, for the most part, desirous of exposing competitors to seats of power, thus bringing about the falling from grace in Beijing of the unfortunate, who were not sufficiently careful in secreting petty government funds.

The farmers and many rural workers of the PRC knew of some of these thefts – and minor revolutions erupted in many parts of the country due to living and working conditions and the obvious disparity between PRC cadre and farmers/rural workers.

Though the small revolts were, quickly, squashed – often by a bullet in the cranium of the leaders of the revolts – resentment persists between the haves and the have-nots.

But there are, at least, a 200-million-strong army of have-nots; and, only a relatively small number of haves.

Today, it is estimated that about 120 million rural workers have deserted their traditional villages in search of work in the cities of the country.

The State-Owned Enterprises

The PRC Government, since the founding of the modern state of the People's Republic of China, has been funding what has come to be known as State-Owned Enterprises in key urban areas.

These State-Owned Enterprises, some of which are huge by any standard, are headed, today, for the most part, by rich and powerful Chinese cadres, who have powerful allies in Beijing.

But even these State-Owned Enterprises are buckling under the heavy weight of management incompetence and inefficiency; and, this has been the situation in many of them for the past decade or so.

In the second half of 1990, many of these State-Owned Enterprises began to sack workers by the tens of thousands.

Since 1995, the OECD estimates that job losses in such entities have reached, on average, about 6.70 million, annually.

Meanwhile, the PRC labour force continues to rise as fresh graduates join the workforce.

In the next decade or so, unless the Beijing Government does something dramatic, it is estimated that the number of unemployed/underemployed in the PRC will rise by another 20 million workers, per annum.

The only thing that the Beijing Government can do about this situation, according to TARGET's reading of the problem, is to guarantee economic growth, sufficient to absorb the ever-growing numbers of workers.

New jobs have to be created in order to absorb the vast pool of workers because, if the Beijing Government fails in its task, the number of unemployed/underemployed workers in the PRC, by the year, 2012, could well be approaching 400 million people.

To put that figure in perspective, it represents about 1.50 times the entire population of the United States of America.

Social unrest is likely to be the resultant effect, to be sure.

It was in Russia in 1917, and it will be in the PRC unless the PRC Government takes definitive action – now.

It may be of interest to political observers to note that very little of the above scenario has been mentioned at annual conferences of the National People's Congress (PRC), at least, not openly.

The repressive regime of the PRC Government controls that which the Press is permitted to report, in any case, and this is likely, in the fullness of time, to backfire on the PRC Government.

A free Press acts as a safety valve of a government, permitting it to see its reflection in a manner, which it may not appreciate.

But the truth will out.

Former US Presidents, Richard Nixon and Bill Clinton, learned, only too late that one cannot hide the truth from the populace, forever.

In both cases, Presidents Nixon and Clinton perpetrated acts that were contrary to the Laws of the United States, Laws that they had sworn to uphold.

Perjury was only at the fringe of the illegal acts of these former leaders, who had control of the strongest economy and the largest and most-powerful military force that the world has ever seen.

If such powerful men of the Western World can perpetrate such acts in what one is told is an open and accountable society, what acts may be perpetrated behind the closed doors in Beijing?

The stage is set; the actors have taken up their respective positions; bring on the audience.

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