

**THE PEOPLE'S REPUBLIC OF CHINA:
THE CONUNDRUMS**

In the People's Republic of China (PRC), the many requirements of the State must, always, take precedence over the many requirements of the individual(s).

It follows that the State should, always, be protected from the people, as a whole.

This is very different from most governmental systems, as practised in the West, where their generally accepted concept of law and order is enshrined in a democratic form of government wherein the individual must, always, be protected from the actions of the State.

In short, the sovereign power in a democracy resides in the people, as a whole, and, as such, the people, residing within a democracy, must, at all times, be protected from the actions of the State.

The diametrically opposed political concepts of government, presently practised in the PRC, as opposed, that is, to those democratic, governmental principles, considered sacred in the West, are quite likely to be seriously questioned, probably sooner than later.

And the forces, doing the questioning in the PRC, could, initially, very well come from within a relatively small number of the 1.30 billion, ethnically Chinese people, resident in the country.

Recently, in the PRC, there have, openly, been a number of incidences of angrily voiced disaffection by many hundreds of workers in the south of the country.

Thus far, these assembly line workers are small in number, but their numbers can, very easily, grow and, as they grow, other workers might be induced to join the throng.

These disaffected workers are claiming, inter alia, that they cannot live on their regular wages, only, due to the relatively high cost of living.

And so, when the managements of certain factories let it be known that there shall be no overtime work for workers, henceforth, the workers, en masse, immediately vented their collective anger as to their lot.

The workers' complaints became the lead stories for many an international print medium while footage of the near-rioting workers, screaming with raised fists at the gates of their factories, was videoed, round the world.

The managements of many factories, however, undeterred by the workers' complaints, went as far as to make material reductions in the number of people on the factories' payrolls and, at the same time, reduced output.

The aggregate reduction in factory output in the PRC, of late, has been put at the highest level of the past 78 months.

From the point of view of the managements of the factories that had suspended overtime work and/or sacked many workers, they could hardly be held as being the culprits of the situation because, among other things, orders for their factories' goods had petered out, very materially.

Europe was continuing to buy fewer manufactured goods from the PRC, compared to the orders, placed in the past.

This was due to Europe's many financial problems – in some cases, members of the European Union were suffering from near-economic recessions, while, in the case of Greece, that country's '*money well*' had dried up, almost completely – and the fact that consumer spending in this part of the world was continuing to wane.

For a large number of PRC factories, they had spent a great deal of managements' cash reserves in order to gear up production in preparation of expected larger orders for their goods.

The larger orders did not materialise, however, and, today, these factories have a production capacity that is much greater than is presently required.

A number of assembly lines have been made idle as a direct consequence of the paucity of orders for goods, made in the PRC.

(It might be considered odd to some people to learn that, recently, news of labour discontent is no longer trickling out of the PRC – from any province.)

The Statistics

According to official statistics, compiled by a number of PRC Governmental departments, it was discovered in a nationwide, manufacturing survey, conducted during the months of August and September, this year, that the Manufacturing Purchasing Managers' Index was standing at 49.80 points, up from 49.70 points with regard to the statistics in respect of the month of August 2015.

Any figure below 50 points is considered a decided contraction of factory activity.

Thus, for the second, consecutive month, this year, factory output, throughout the PRC, had slowed, markedly, and, in some regions of the country, output had even stalled.

Clearly, the huge industrial base of the PRC, a colossus by any measure of industrial output, anywhere in the world, today, or even in the annals of history, had failed to obtain the necessary momentum in order to keep the wheels of industry spinning and, as a direct result, management of many factories had been forced to bite the proverbial bullet.

Factory workers came to the realisation that their incomes would have to be cut in line with managements' tried-and-true, capitalistic maxim that stated, among other things, that the essence of good management within a capitalistic society was the maximisation of profits while minimising all costs, associated with the production of goods and services.

Workers screamed, making claims of being unfairly treated by factory managements.

These workers, to a man, claimed that their take-home pay, minus overtime pay, was insufficient to feed their families.

The PRC Government, by and large, took little or no action on behalf of labour, standing back in order to allow management and labour to try to come to a compromise in respect of the current difficult situation.

It is quite likely, of course, that the PRC Government saw nothing that was in conflict with existing labour laws by managements' determination to cut back on costs in order to conserve capital until the return of customers' orders.

Such seemingly draconian actions by managements of factories, it could be held, was in keeping with the premise that a healthy industrial base was in the best interests of the State.

And the State, after all, must always be protected from the individuals, residing within the State.

About 19 days, following the release of the PRC Government's statistics in respect of the Manufacturing Purchasing Managers' Index, it was announced, officially, that the economy of the PRC had grown by about 6.90 percent in the Third Quarter.

From this statistic, it was very apparent that the PRC economy was continuing to slow.

It was only too obvious that, as the economy continued to slow, workers would find it more and more difficult to obtain employment.

Such a situation could well lead to further unrest among the proletariat.

And this would, certainly, not be in the interests of the State.

Premier Li Ke Qiang () went on record, stating that '*about seven percent*' was a good growth target for the country with regard to the entire 2015-year, but a lower growth rate was quite acceptable, provided that it resulted in more new jobs, being created.

Premier Li Ke Qiang, therefore, had, surreptitiously, made it clear that the PRC Government was determined to find ways and means to reduce the level of unemployment in the country.

It was, after all, in the interests of the State, so to do.

In the first six months of 2015, industrial production in the PRC fell to about 6.30 percent, compared with the growth of the **Gross Domestic Product (GDP)** of about 6.80 percent (statistics, compiled by The World Bank).

But, on or about August 19, 2015, one was told, officially, by the PRC Government that the GDP growth was 6.90 percent – not 6.80 percent!

The West is watching with bated breath to learn of the continuing, wilting economic situation in the second-largest economy of the world.

The PRC is being watched, very carefully, because that which affects this economy of the world affects its largest, single economy: The United States of America.

The knock-on effect of the PRC's economic problems, unless ameliorated, smartly, could well cascade to many other economies, too.

Widespread discontent among the PRC's proletariat is in nobody's best interests; and, it will not assist Beijing where the pen-pushers are struggling to find a viable solution to the current, weakening economic situation that exists in the country.

Widespread discontent among the populace could well undermine the attempts of the PRC Government to turn the economy from being an export-led one to one that is consumer-led.

The Well-Intentioned Attempts Go Awry

For the past five months or so, the key indices of The Shanghai Stock Exchange and The Shenzhen Stock Exchange have been in full retreat, with trillions of renminbi, having been wiped off the market value of equities.

The PRC Government, faced with the unprecedented situation on the country's two equity markets, did that which should not have been introduced: It attempted to halt the downward pressures on stocks and shares by throwing good money after bad and, at the same time, '*instructing*' private enterprise, especially well-heeled

stockbrokerages, to support the equity markets by purchasing stocks and shares for their own treasuries.

When this action failed to stem the tide of falling equity prices, the PRC Government undertook the role of de facto controller of trading on the country's two equity markets by suspending trading in the shares of certain companies, mainly those whose controlling shareholder(s) was corporate entities, beneficially owned by the PRC Government.

As **TARGET** () wrote, at the time of these well-intentioned efforts of the PRC Government and of the privately held stockbrokerages to throw tens of billions of renminbi into the equity markets in order to try to reverse the downward pressures on the market prices of the scrip of publicly listed companies, and, at the same time, on the express edict of the Government to proscribe all Initial Public Offerings, henceforth, it was of no avail – and the key indices continued to fall ... as they do, to this day.

In the words of many an economist of this day and yesterday: The best controller of a market is the market, itself.

Artificial means by a government in its attempts to curb a determined, widespread selling spree on an equity market cannot be expected to effect a positive, long-term gain – or, even, a short-term improvement.

Again, **TARGET** reiterates: The best controller of a market is the market, itself.

Since the PRC Government has determined to spit into the wind of the historical experiences of the economies of other the governments when they were faced with similar situations, it is reaping its just deserts.

The effects of the slowdown of the PRC's annual economic growth is having a disproportionate effect on many economies, round the world.

For the most part, the PRC Government is desirous of enjoying healthy economic growth, as had been the case in the export-driven, economic model that it embraced in days gone by, but, at the same time, the PRC Government does not appreciate the rapid gyrations of the key indices of the country's two equity markets (disregarding The Stock Exchange of Hongkong Ltd).

Rapid rises and falls in the key indices of equity markets in the Western World are an accepted part of a capitalistic economy, but, when the key indices of both The Shanghai Stock Exchange and The Shenzhen Stock Exchange dropped out of bed in July, this year, it was a bit of a shock to the powers-that-be in Beijing.

The PRC has witnessed more multi-billionaires, having been created in the country in the past three decades, than at any time in the country's history, going back many centuries.

The PRC Government model must, therefore, be deemed as having been the most-successful form of government in the country's 5,000 years.

But, with innovation – the driving force behind the country's many business successes, those successes, having been forged by the individuals who, today, are accepted as being the multi-billionaires by any medium of exchange that one may wish to employ – comes the demand for intellectual freedom, leading to the right to be heard, publicly.

It is an accepted fact that intellectual freedom in one person spawns intellectual freedom in others.

It follows that intellectual freedom defines a country.

History is full of people who defined the great nations of today with their writings, art, music and/or orations:

1. American transcendentalist Henry David Thoreau (1817 – 1862) is credited with the following:

*‘Rather than love, than money, than fame, give me truth.’
‘Go confidently in the direction of your dreams.
Live the life you have imagined.’
‘If you have built castles in the air, your work need not be lost;
that is where they should be. Now put the foundations under them.’*

2. American poet Walter Whitman (1819 – 1892), a humanist, being part of the transition between transcendentalism and realism. He is credited with the following:

*‘And your very flesh shall be a great poem.’
‘Behold I do not give lectures or a little charity,
When I give I give myself.’
‘Be curious, not judgmental.’*

3. Mohandas Karamchand Gandhi (1869 – 1948), the preeminent leader of the Indian independence movement in British-ruled India. He is credited with the following:

*‘The weak can never forgive. Forgiveness is the attribute of the strong.’
‘Live as if you were to die tomorrow; learn as if you were to live forever.’
‘Happiness is when what you think,
what you say, and what you do are in harmony.’*

4. Jean-Jacques Rousseau (1712 – 1778), a French philosopher, writer, and composer of the 18th Century. His political philosophy influenced the Enlightenment in France and across Europe, as well as aspects of the French. He is credited with the following:

*‘Insults are the arguments employed by those who are in the wrong.’
‘What wisdom can you find that is greater than kindness?’
‘People who know little are usually great talkers,
while men who know much say little.’*

5. No list of great thinkers of the world could exclude the works of Socrates (470 B.C. – 399 B.C.), a Greek philosopher who is credited as being one of the founders of Western philosophy. He is credited with the following:

*‘The unexamined life is not worth living.’
‘I am the wisest man alive, for I know one thing,
and that is that I know nothing.’
‘By all means marry: If you get a good wife, you’ll become happy;
if you get a bad one, you’ll become a philosopher.’*

One might like to ponder as to what might have befallen any of the above great men of centuries past if they had been ethnically Chinese and lived in the PRC, today – and dared to write and promote any of the above-mentioned quotations.

Cultivating Friendships in Neighbours

As the economy of the PRC continues to slow, the leaders of the country might well be tempted to turn to neighbours for solace.

History is resplendent in records of countries, for one reason or another, having done exactly that.

For the PRC, it is well known that it has made alliances with The Russian Federation – and it continues to

strengthen those alliances.

Two cases in point:

On September 3, 2015, President Xi Jin Ping () of the PRC and President Vladimir Vladimirovich Putin, the President of The Russian Federation, along with the PRC's Minister Yu Guang Zhou () and Mr Beliyandinov Andrey, Head of Federal Customs Service of The Russian Federation, signed the '*Protocols on Revised Protocols on Mutual Recognition of Controls on Specific Commodities between the General Administration of Customs of the People's Republic of China and the Federal Customs Service of The Russian Federation*' and the '*Protocols on Supply Chain Security for Goods in Containers and Trade Facilitation*' in The Great Hall of the People at Beijing, the Capital City of the PRC; and,

On September 5, 2015, Vice Minister Sun Yi Biao () attended the First Meeting of Regional Cooperation Councils of the PRC's Northeast Provinces and Russia's Far East and the opening ceremony of the Round Table of Chinese and Russian Businessmen in Vladivostok, The Russian Federation. This meeting was co-chaired by the PRC's Vice Premier Wang Yang () and his Russian counterpart, Mr Yuri Trutnev.

In the South China Sea, in the name of nationalism, the PRC is moving ahead with various plans, such as building landing strips on artificial islands, designed by the country's architects and built by Chinese manpower, and, by so doing, it has expanded its exclusion zone.

Nationalism, it appears, could, in due course, obfuscate the sticky matter of the continued slowdown in the economy of the country.

The PRC Government, today, faces problems that previous leaders of the country did not have to consider, let alone try to tackle.

There is a requirement, today, to find the correct balance between the many requirements of the State and the many requirements of the people and what the people maintain are their inalienable rights.

Also, there are the thorny questions as to the role(s) of the country's equity markets as they apply to the State's requirements of the day.

And there is, also, the question as to what role that the State should play in order to engender, directly or indirectly, suitable economic growth.

Then, there is the matter of what action, if any, should be employed in times of a distinct lack of acceptable economic growth in the country – as is the situation that exists, today.

At this point, one can fully understand and appreciate the importance of the philosopher in a society, but, at the same time, one recalls that Socrates, one of the greatest philosophers of all times, was forced to drink hemlock after being found guilty of the corruption of the youth of Athens as well as impiety.

Luckily for this volunteer amanuenses, hemlock does not grow in the Hongkong Special Administrative Region (HKSAR) of the PRC.

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