

# 'Stability' for China means no freedom

by Mary M. Burdman

One word dominated the proceedings of the late March session of the Chinese National People's Congress (NPC): "stability." This is the favorite concept of all those, East and West, who have been attempting to stop the revolutions of 1989, and is now the focus of every exhortation to China's impoverished people, as they are told that the future holds only more austerity.

"The people seek stability, and the stable situation in China is obvious to the world. . . . It is essential to seek to develop in the course of stability and to promote stability by means of development," the Hong Kong newspaper *Wen Wei Po*—a primary outlet for Beijing's policy line—wrote in its editorial April 6.

The Chinese leadership of Deng Xiaoping, Prime Minister Li Peng, and military strongman President Wang Shangkun imposed a brutal malthusian austerity policy in October 1988 to curb all real growth in China, and this Congress, held in Beijing March 20-April 4, made very clear there will be no change.

The essence of their economic policy is zero growth in all sectors, as Li Peng specified in his statement on China's agriculture. He told Congress delegates March 23: "Agriculture can only develop gradually, for its growth rate cannot be too high. . . . The rise of grain output and growth of population must be kept at the same pace. . . . We must make strenuous efforts. The key is to pay full attention to family planning in the rural areas."

Using the kind of measures that the International Monetary Fund/World Bank demand for every indebted Third World nation, the government has slashed imports, is exporting everything it can move, including food and raw materials, and devalued its currency in a desperate effort to contain inflation and build the foreign exchange reserves to meet payments on China's \$42 billion debt.

As a result, imports fell by 20.2% from January to March, while exports, boosted by a 21% devaluation of the exchange currency, the renminbi, rose 13.4%. The collapse of imports is accelerating: They fell by 18.3% in January; by March, they were down 27.9%. The critical problem is that many imports, including machinery, are essential if China is to develop at all. Industrial production grew by only 1.4% in March, after dropping 0.9% in January and February compared to last year. Just last year, growth figures often topped 20%. Inflation has certainly been cut down in the past 18 months, to about 4% by March, but so has the entire economy.

Chen Muhua, the chairman of the financial committee of the NPC, told the Congress March 30 that the "current financial difficulties are serious." Top priorities must be to develop agriculture and "make continued control of overall social demand the major task."

Unemployment was discussed repeatedly at the NPC session. In fact, Li Peng's report was not considered strong enough on the issue of unemployment, and the paper *Wen Wei Po* reported April 5, "Substantial changes were made in the expression of the government work report" to call for "minimizing the number of personnel waiting for job assignments."

With living standards plunging in the cities, as State Planning Chief Zou Jiahua admitted to the Congress on April 7, savings rose a remarkable 35% last year. Such savings—with a lot more stored "under the mattress"—show how much people fear the economic collapse. The money saved may be only \$100 per person, but average income in China is only about 900 yuan (\$300) per person per year.

While every effort is made to service the foreign debt, China is choking on its internal debt. Zou Jiahua stressed the nation's "triangular debt" among the enterprises. The State Council has launched an emergency project to deal with the debt crisis. Industry and transport, strapped for cash, have defaulted on loan payments, to the point where Xinhua called the situation "very serious." Raw materials and goods are piling up as the internal market collapses. The State Council demanded that all enterprises and units which have been allocated government construction and purchase funds, immediately pay off all arrears to local producing enterprises, and that financial and credit departments provide funds for all other enterprises to ensure they incur no further debts. The debt will also have to be cleared on the provincial and national levels, by the end of July.

## World Bank deals

Li Peng emerged from the Congress to meet April 6 with World Bank Senior Vice President Moeen Qureshi in Beijing. Qureshi returned to Washington the week of April 16 to prepare a report on China's economic situation, including its international debt, for the World Bank board. The bank, which never closed down its office in Beijing last year after the tanks rolled in Tiananmen Square, has already resumed some lending to China. China's malthusian policies cohere with those of the bank, whose Strategic Planning Center announced recently that there can be no more growth in the Third World.

Li assured Qureshi that China's economic and political situation is "stable" and expressed his appreciation for the World Bank's "correct understanding and positive appraisal of the Chinese government's policies on improving the economic environment and readjusting the economic order."

Qureshi congratulated Li on China's "achievements" in stabilizing the economy.