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# HASTIE'S AWAKENING TO XI'S BID FOR TOTAL CONTROL OF CHINA - AND BEYOND

by Peter Hartcher

*Political and international editor for The Sydney Morning Herald August 10, 2019*

Like most people in Australia, Andrew Hastie wasn't worried too much about China. When he was first elected to federal Parliament in 2015 at a relatively young age of 32, he'd already fought the Taliban on three deployments. So the new Liberal MP for the West Australian seat of Canning was preoccupied, naturally enough, with the urgent terrorist threat of Daesh, or Islamic State. Then, in 2017, the government was convulsed with internal arguments over same-sex marriage. "It was our own little Brexit because we didn't have energy to talk about anything else," Hastie has since remarked to his colleagues.

So how did he get to the point this week of writing a threshold critique of China's President Xi Jinping as a modern-day Stalin? And warning that Australia today was like a complacent France even as German tanks rolled towards its borders in 1940?

The piece provoked a firestorm. China's embassy immediately said "we strongly deplore" Hastie's article, published in *The Age* and *The Sydney Morning Herald*.

In earlier years Hastie had noted China's vast, global infrastructure project, the Belt and Road Initiative spanning at least 68 countries to date, and still in its early phase. But it didn't occur to him that this might be just a minor part of a much bigger Chinese strategy until he opened an email from John Garnaut early last year.

Garnaut is an Australian former Beijing correspondent for *The Age* and *The Herald*. He'd been retained by Malcolm Turnbull to write a classified report on China's operations in Australia.

Garnaut's findings so alarmed the government that it led directly to Turnbull's bill outlawing foreign interference in Australia, a bill Labor helped pass into law. The Garnaut report remains classified. But Garnaut did send Hastie something else he'd written. As Hastie read, it struck him like a thunderclap.

We all know that China is vital to the living standards we enjoy every day in Australia. And we all know that our dominant trading

partner is driven by an ideology that's alien to our own. But how many of us have taken the trouble to study that ideology? And especially to study it in the way that Xi Jinping is implementing it in the world's rising superpower? A bare handful, is the answer.

The former soldier started reading a speech the former journalist had delivered to an internal federal government seminar hosted by the Department of Prime Minister and Cabinet in August 2017. It was titled *Engineers of the Soul: what Australia needs to know about ideology in Xi Jinping's China*.

Garnaut explained to his audience that today's Communist Party rulers of China are guided by the ancient imperial books that are "all about the rise and decay of dynasties". Garnaut related a telling fact about the founder of Communist China, Mao Zedong: "Mao in particular was obsessed, as Mao's one-time secretary Li Rui explained to me. He told me: 'He only slept on one-third of the bed and the other two-thirds of his bed was covered by books, all of which were thread-bound Chinese books, Chinese ancient books. His research was the strategies of emperors. That was how to govern this country. That was what he was most interested in.'"

The Garnaut paper sketched the connections between Mao then and Xi now. Xi's father worked with Mao in advancing the Communist revolution of 1949, and that makes Xi a "revolutionary successor", a so-called princeling in the Chinese Communist Party's aristocracy.

"In the view of China's princelings," Garnaut wrote, "China is still trapped in the cycle which had created and destroyed every dynasty that had gone before.

"In this tradition, when you lose political power you don't just lose your job (while keeping your super) as you might in our rather gentrified arrangement. You lose your wealth, you lose your freedom, you probably lose your life and possibly your entire extended family. You are literally erased from history. Winners take all and losers lose everything ... Xi and his comrades in the red dynasty believe they will go the same way as the Manchus and the Mings the moment they forget."

How to keep the red dynasty alive? Mao drew on a 1938 work

by Russia's iron-fisted Communist ruler, Joseph Stalin, *Short Course on the History of the Bolsheviks*.

According to Garnaut, it was Mao's manual for ruthlessly purging his peers, who were in cahoots with imagined Western agents working to restore liberalism and capitalism. Xi's deep purge of his party – in the form of an anti-corruption drive – is an earnest compliment to Mao and to Stalin.

“The key point about Communist Party ideology – the unbroken thread that runs from Lenin through Stalin, Mao and Xi – is that the party is and always has defined itself as being in perpetual struggle with the ‘hostile’ forces of Western liberalism,” Garnaut continued.

“Xi is talking seriously and acting decisively to progress a project of total ideological control wherever it is possible for him to do so. His vision ‘requires all the Chinese people to be unified with a single will like a strong city wall’,” Garnaut wrote, quoting Xi.

Of course, communism is no longer a functional economic ideology in China. “All that remains is an ideology of power, dressed up as patriotism, but that doesn't mean it cannot work,” Garnaut wrote.

“Already, Xi has shown that the subversive promise of the internet can be inverted. In the space of five years, with the assistance of Big Data science and Artificial Intelligence, he has been bending the internet from an instrument of democratisation into a tool of omniscient control ...

“The audacity of this project is breathtaking. And so too are the implications. The challenge for us is that Xi's project of total ideological control does not stop at China's borders. It is packaged to travel with Chinese students, tourists, migrants and especially money. It flows through the channels of the Chinese language internet, pushes into all the world's major media and cultural spaces and generally keeps pace with and even anticipates China's increasingly global interests.”

When Hastie finished reading, he saw the Chinese regime through an entirely new prism. And he paid much closer attention, testing Beijing's emerging behaviour against Garnaut's

explanation.

Hastie now saw the news of Xi's sweeping censorship, for instance, through the lens of a program of total ideological control. The news of Xi's mass incarceration of a million or more of China's ethnic Uighur minority people in re-education camps, too, was now much more comprehensible as a part of his program of totalisation.

And so, too, Beijing's manipulation of its Confucius Institutes, embedded in dozens of universities around the democratic world, was starkly obvious as another tool for extending Chinese Communist Party ideology. Only now, as illustrated by the recent student demonstrations at the University of Queensland, have Australian universities started to wake up to their unwitting part in Xi's totalising project.

And then, in recent weeks, Hastie has heard for himself about Xi's intensified religious persecution of Christians. Hastie's father established the Mandarin Presbyterian Church in Sydney's inner west suburb of Ashfield. Through this connection, Hastie has learned of how Australian Christian missionaries in China are being questioned and detained, their networks dismantled.

The people of Hong Kong understand the threat to their slender, remaining rights. They are now struggling desperately. We know that Beijing has no moral compunction about using mass murder to control political protest, even peaceful protest. How? Because just this year Xi's Defence Minister, Wei Fenghe, said the 1989 decision to massacre thousands of unarmed students in Tiananmen Square was "correct policy" to end "political turbulence".

John Howard, long an optimist in Australia's dealings with China, this week recognised that the old formula for Australia's relationship with Beijing can no longer operate.

"It is getting harder, because the regime in China now is a lot more authoritarian than the one that was in power 10 years ago," Howard said. "And what we are seeing in Hong Kong perhaps represents a glimpse of the future for Chinese society."

Andrew Hastie thought that Australia needed to wake to the danger of Beijing's relentless intrusions. If he erred, it was to use a comparison to Hitler's Germany.

Xi is ruthlessly repressive but not guilty of genocide. Nonetheless, it was telling that Prime Minister Scott Morrison, while not embracing Hastie's warning, certainly did not contradict him. He merely pointed out that, as a backbencher, Hastie was "entirely entitled" to put his views.

Indeed, while some Liberal and Labor politicians criticised Hastie's language and his comparisons, not one of them argued against his central proposition. Hastie, taking Xi's own ideology seriously, is now deeply worried that China is a present threat to Australian sovereignty and liberty and his realisation is widely shared across both of Australia's major parties.

The final words of his piece this week: "The next decade will test our democratic values, our economy, our alliances and our security like no other time in Australian history."

The Hastie experience shows that Australia is still working out how to talk about the threat from China. But the big change is that, however awkward the topic when it involves your biggest trading partner, Australia is now talking about it.

## **WE NEED TO TALK ABOUT CHINA: WHY HASTIE WAS RIGHT TO SOUND THE ALARM** **By Anne-Marie Brady August 8, 2019**

Finding a way to get the China relationship right and not being afraid to talk about the risks in the relationship as well as the opportunities that remain may well be one of Australia's greatest foreign policy challenges in the next few decades.

In an opinion piece in *The Age* and *The Sydney Morning Herald* on Thursday, Liberal MP Andrew Hastie, chair of the Australian Parliamentary Joint Committee for Intelligence and Security, wrote on the need for the Australian public to see and understand the risk posed by China's increasingly aggressive behaviour. Hastie called on Australian society to accept and adapt "to the reality of the geopolitical struggle before us – its origins, its ideas and its implications for the Indo-Pacific region".

Hastie's comments were immediately denounced by the embassy of the People's Republic of China in Canberra. Since 2009 the Chinese Communist Party has invested billions to shape

a positive global image for China. Any critical commentary faces an attempt to shut it down with accusations of being “anti-China”, “demonising China”, “Cold War thinking”, “McCarthyism” “xenophobia” or “[racial] prejudice”.

Thus, predictably, Hastie was accused by the embassy of raising the spectre of the “China threat” and having “Cold War thinking” and an “ideological bias”.

Labor’s shadow treasurer, Jim Chalmers, also denounced Hastie’s comments, calling them “extreme, overblown and unwelcome”. But Labor foreign affairs spokeswoman Penny Wong was silent, as was Labor leader Anthony Albanese. Prime Minister Scott Morrison defended Hastie’s right to speak out as a backbencher and said he had not said anything that hadn’t been said before.

Hastie’s risk assessment resonates with statements made by both Australian and international leaders. Australia, like many of its partners and allies, is at a turning point as it responds to the complex new security environment. Of course, China is not the only challenge our governments face.

A series of events is putting massive pressure on the international order. To name just a few: China’s assertion of control over the territorially contested waters of the South China Sea and expanded military activities in Antarctica and the Pacific; the new space race at the poles which has transformed the strategic significance of Antarctica; President Donald Trump’s iconoclastic foreign and trade policy that alienates allies as much as it affects strategic competitors; Russia’s disruptive foreign policy, the disastrous impact of Brexit on the economy and politics of both Britain and the EU, the spread of radical terrorist acts on a global scale, the refugee crisis, and the effects of climate change.

The formerly stable post-World War II international order appears to be coming to an end. The world is seeing a return of both “might is right” politics and reassertion of spheres of influence.

Australia has led the world in facing up to the China component of the new security environment, passing legislation against foreign interference, addressing the risk of Huawei and the 5G

network, and working to undo the damage of former Australian government policy that allowed three BeiDou global navigation ground stations to be set up on Australian territory and permitted foreign control of critical infrastructure such as the Port of Darwin.

The Australian government has also launched a new Pacific policy, stepping up its level of engagement with its neighbours. As was the case in WWII, the small island states of the South Pacific are shields for Australia. If a hostile nation controlled one of the island states on Australia's maritime periphery, they could cut off shipping and communications.

Australia has made adjustments in its China policy and developed a well-thought-out resilience strategy, because a realistic assessment of Xi Jinping's foreign policy has given it no other choice. Since coming to power in 2012, Xi Jinping has returned the Chinese Communist Party's foreign policy to a level of antagonism not seen since the Cultural Revolution, while China's domestic foreign policy has also returned to extremes of oppression familiar from the Mao years.

Xi has revived many Maoist tactics, including a massive expansion of "united front work", a form of political warfare that the party has perfected over many decades. United front work is both a tool of domestic political control and of Chinese foreign policy.

Andrew Hastie chairs the parliamentary committee that helped pass the new counter-foreign interference legislation which will help to address the Chinese Communist Party's aggressive united front work activities in Australia, so more than most, he understands the risks. But legislation is not the sole solution to addressing the China challenge.

National security is a matter of concern for every citizen and the public conversation is as important as the policy negotiations behind the scenes. Our governments need to speak frankly about the risk.

The Australian public should be informed on the challenges, as well as the opportunities of Australia- China relations.

Society has an important role in national security; an informed society is the means to engage in total defence.

Our democracy is made by us all, each and every single day. In a challenging new security environment, we have to be confident about speaking up on the problems our governments face, as well as the solutions.

We need to be confident to talk about China, the risks as well as the opportunities.

*Professor Anne-Marie Brady is a China specialist at the University of Canterbury, New Zealand. She is the author of **Small States and the Changing Global Order: New Zealand Faces the Future.***

## **UNDERGROUND MILLIONAIRES OF THE SOVIET UNION by Ivor Benson**

*“Ye shall know the truth and the truth shall make you free”*

*THE NEW TIMES, Vol. 46, No. 9 SEPTEMBER 1981*

In the following article, the distinguished South African journalist and writer examines an incredible story to come out of the Soviet Union and asks if it is further evidence that the whole world is being prepared for a further move towards a convergence of the Communist and non-Communist world in an attempt to create a New World Order.

The Soviet Union has given up another of its biggest and best-kept secrets—the great socialist republic, dictatorship of the proletariat, is swarming with millionaire capitalists, every one of them a Soviet citizen, and many in the same league as the super-rich of the capitalist west!

It is not strange, and most significant, that this fact should have passed unnoticed by the Western media and Western historians for more than 60 years, a fact of major importance that did not qualify for as much as a mention in *Time* magazine’s most exhaustive 45-page presentation “Inside the U.S.S.R.” in its issue of June 23, 1980!

Strange and significant, yes, but not altogether surprising when it is remembered that Western journalists and academics haven’t yet even got around to admitting that the Western super-rich with their banks and multi-national companies have likewise been swarming all over the vast country ever since the Bolshevik Revolution promoting another kind of economic colonialism. \*

The story of “Russia’s Underground Millionaires” was told in the June 29 issue of Fortune magazine, the plush and expensive sister journal of Time, by no less an authority than a former international law expert in the Soviet Ministry of Justice, one Konstantin Simis, now resident in the United States.

There is no reason to doubt the accuracy of the facts supplied, but good reason to examine closely and critically the meaning which Simis and the Fortune editors give to these astonishing facts which have emerged so suddenly and without warning from what is certainly the biggest area of secrecy and disinformation (i.e. lying) in the history of man-kind.

### **“A RIDDLE.....”**

We have been permitted to peep into what Winston Churchill once described as “a riddle, wrapped in a mystery inside an enigma” - but not for our final disillusionment, we may be sure. “How to Succeed in Business Where Business is a Crime”, says Fortune’s supplementary headline.

First of all, then, let us take a look at the “business” which has won such rich rewards while practised underground in the world’s most efficiently and most rigorously conducted police state, whose citizens are said to live in constant dread of the KGB and its vast army of informers.

Writes Simis: “Everyone knows that the Soviet state is the monopoly owner of all means of production and that private enterprise is a crime. But the remarkable reality is that in the Soviet Union a great many private enterprises operate—at great profit.

Indeed, a network of privately controlled factories spreads across the whole country and these factories manufacture goods worth hundreds of millions - perhaps even billions - of rubles (A ruble is currently worth \$1.40...)”

Private enterprise, he goes on, cannot for obvious reasons handle items like motorcars and machinery, but must concentrate on items of the kind that most people want and can afford to buy, like clothing, shoes, artificial-leather goods, sunglasses, costume jewellery, recordings of Western popular music, etc.

But how do they manage to do that in a country where every

citizen is encouraged to spy on his neighbour? Part of the answer: “A private enterprise will co-exist under the same name and the same roof, with a state factory; it could not exist without this cover. In this symbiotic relationship the state factory manufactures goods as called for by the state plan. These goods appear on the factories books and are distributed through commercial channels for sale. But alongside these official goods the same factory is manufacturing goods not registered in any documents.” Goods of the first kind are called “registered for” and the others, in the jargon of the underground are described as “left hand”.

Simis tells us that not only are there “tens of thousands” of such factories all over the Soviet Union, most of them concentrated in the great towns and cities like Moscow, Odessa, Tiflis, Riga and Tashkent, but there exists also a vast distribution network handling a “left hand” trade worth possibly billions of dollars a year.

One “company” is mentioned, part of the “Glazenberg empire” which owned so many factories that it was forced to set up its own marketing group which proceeded to organise outlets of its own in 64 towns and regions - in addition to all the outlets provided by the state. And who are these daring and energetic businessmen who appear to have fashioned for themselves cloaks of invisibility?

## **JEWISH BUSINESSMEN**

Writes Simis: “For historical reasons, the underground business milieu in the large cities of Russia, the Ukraine and the Baltic republics has been predominantly Jewish. While my clients included Georgians, Armenians and members of other groups, the great majority were Jewish - like myself”.

What “historical reasons”? Simis says that the Russian Jews, after having been discriminated against by the Czarist regime, were “liberated” by the Bolshevik Revolution, thereafter throwing themselves eagerly into spheres of life previously closed to them, like science, the arts, literature, etc. He tells us that during and after World War II, Stalin turned against the Jews, many of who were then forced to find outlets for their energies in “underground business.”

Elsewhere in his article, however, he tells us about one Isaac

Back who in the mid 1930s set about creating a family company which by 1940 (when Stalin was at the peak of his power) owned “at least a dozen factories manufacturing underwear, souvenirs and notions, operating at the same time a network of stores in all the republics of the Soviet Union”.

Some of these Jewish entrepreneurs, including Back and one of the three Glazenberg brothers were prosecuted and imprisoned, but evidently not enough of them to discourage the rest. It was decided to “sacrifice” young Lazar Glazenberg, says Simis, whose job it was to defend them in court, “at least partly because of his playboy life-style as reflected in his two dozen suits and the wardrobe of his wife...”

It is significant, surely, that although private enterprise carried on in secret must be regarded as the most dangerous and destructive form of sabotage, being the exact antithesis of Marxist socialism, there is no mention of this class of big-fish offender among the hundreds of individual cases discussed by Alexander Solzhenitsyn in the three volumes of his *Gulag Archipelago*; indeed, Jewish prisoners are rarely mentioned by Solzhenitsyn, whereas, judging by their names, there was no scarcity of Jews among the slave camp bosses —Aron Solts, Jakov Rappaport, Matvei Berman, Lazar Kogan and, most notorious of all, Naftaly Frenkel who appears to have master-minded the whole technique of slave labour. Nor have big businessmen figured at all prominently in the great show trials, which the Western media were permitted to report and dramatize.

Next question: Why should this kind of activity with its almost fabulous rewards, plus attendant dangers, be confined almost exclusively to Jewish citizens of the Soviet Union?

## **DOLLARS FOR ISRAEL**

Simis gives us what is obviously an important part of the answer: “The sense of national identity among Jewish underground businessmen is strong - much stronger than that of the Soviet Jewish intelligentsia. There may not be many among them who understand what Zionism is all about - even fewer who are prepared to relinquish their fortunes and emigrate to Israel - yet

I never met a single one who was indifferent to the fate of that country and who did not feel a blood relationship with it. It came as no surprise to me that during the Six-day War the underground business-men in many cities donated large sums in dollars - not rubles but dollars - to Israel”

These underground business tycoons would have been much assisted, we may be sure, by another circumstance revealed by Simis: “Nevertheless many Jewish underground businessmen of all ages eagerly join the Communist party for desperately practical motives: to enhance their social prestige and gain some shield - beyond bribery - to keep them from being prosecuted by the DCMSP”.

Here he seems to have forgotten what he told us a few paragraphs back - that Jews were forced into underground business by discrimination that excluded them from the party and state hierarchy.

Simis explains how the wheels of the “left hand” industry are copiously oiled with bribes. The blue-collar factory workers are bribed with additional tax-free incomes to work for the private operator and keep their mouths shut, as are also the clerical personnel and foremen; bigger bribes are paid to officials whose duty it is to establish quantity and quality norms for goods manufactured for the state, giving the private operator his main supplies of raw materials in the form of surpluses which don’t have to be recorded; and the biggest bribes of all are those paid to officials of the DCPSP, which is an arm of the KGB whose precise task it is to “combat the misappropriation of Soviet property”.

## **TO WHAT END?**

It would appear that the underground businessmen who are caught and punished are those whose operations have become too glaringly obvious, like one Golidze who “owned two magnificent houses, luxuriously furnished with antiques bought from dealers in Moscow and Leningrad” and who “entertained officials with banquets which would go on for hours...”

Most Soviet tycoons try not to be too ostentatious as they stash away most of their wealth in foreign currencies, precious stones,

metals and gold coins. Simis tells us that during the 1960s and 1970s the salon of one Elizabeth Mirkien enjoyed great popularity in Moscow, for here middle-aged businessmen could enjoy excellent meals, plus the euphoria of feeling rich as they risked the loss of huge stakes at cards and roulette.

“But all to what end?” asks Simis rhetorically. “Dealers in precious stones in Moscow, Tashkent, Riga and other cities continue to operate diligently to this day, filling the caches of underground millionaires with their wares. These caches amount to vast treasures, probably worth more than all the pirate booty in Caribbean waters. And yet - what about their owners? What are they waiting for? A fabulous future time when they will be able to unearth their riches and regally use them? Or the downfall of the Soviet regime?”

So what does it all mean? Simis himself doesn't seem to know, for he ends his article and, presumably also the book he has been writing, with unanswered questions.

If we are to have any hope of getting at the real and final meaning of the Simis story, experience should have taught us that we are here exerting our investigative skills in an area of maximum falsification and concealment in which devices of deception are used which are the product of centuries, even millennia of practice and accumulated experience. Winston Churchill was certainly not exaggerating when he described the Soviet Union as “a riddle, wrapped in a mystery inside an enigma”

### **“AN INSPIRED GUESS”**

In these circumstances, the truth, if it is to be found is more likely to be the product of what, for want of any better description, we call insight, or, as some would say, “an inspired guess”, than the product of a detailed and laborious study and juxtaposition of all the available facts — which, in any case, are always in short supply. Therefore, we should know in advance that the truth we are seeking is not something that can ever be “proved” with evidence and argument; it is “truth” of a kind which only unfolding history can prove or refute.

For example, no one was ever able to “prove” Oswald

Spengler's axiom that "there is no proletarian movement, not even a Communist one, which does not operate in the interest of money..." and yet it is one that continues to offer the clearest, most coherent and most consistent explanation of much that has happened in the world since those words were written more than 60 years ago. Likewise, Douglas Reed's dictum that "similar men, with a common aim, secretly rule in both camps"- the capitalist West and the Soviet Union.

Insights of this kind are not pure guesswork, but can be described metaphorically as the product of some higher computing process of the mind in which the enquirer, having absorbed as many as possible of the available hard facts, is able to "tune in" emotionally to the motivational systems involved - rather like having electronic bugging devices planted inside the minds of those men whose policies and actions are being studied. The infinitely wise Chinese call this *jen ai*, putting yourself in the place of the other person, the secret of all skill in human relations, whether these are friendly or hostile.

Now then, let us place ourselves in the position of Konstantin Simis and of his former Kremlin bosses and see what turns up. We are told in a biographical piece in *Fortune* that from 1953 Simis acted as defence lawyer for dozens of prominent underground businessmen, giving up his practice in 1971 to join the Ministry of Justice as an international law expert. In 1976 the KGB raided his apartment and seized the manuscript of a book on Soviet corruption, the first draft of which was already in the hands of an American publisher. Then Simis and his wife Dina, who was also a lawyer, were told that unless they left the Soviet Union they would be sent to a hard labour camp. Simis could hardly be expected to regard this as severe punishment for so grave an offence, for he was able to join his son who was already established at Johns Hopkins University as director of a Soviet studies programme, thus acquiring a vastly improved launching pad for his literary assault on the Soviet regime.

All this does not make good sense in terms of the ostensible motives and expected natural reactions of those involved - whereas, the expulsion of Solzhenitsyn is precisely what could

have been expected by those able to share with the Soviet bosses the awful dilemma of what to do with a man who had become the glowing symbol of an awakened and aroused young Russian intelligentsia.

## **A BIG CHANGE COMING?**

In our interpretation, what we are seeing today are the first signs of dramatic change in the picture of the Soviet Union as presented by the Western media and contemporary historians. In other words, the whole story of what has happened since the Bolshevik Revolution is going to have to be retold in a revised form.

Chapman Pincher in his book *Their Trade is Treachery* tells us that KGB agents like Kim Philby, Guy Burgess and others had been taught that when being investigated they must keep their interrogators talking for the purpose of finding out how much these interrogators already know for certain, so that their own story can be tailored to fit in with facts that cannot be disputed. Moreover, finding out what is already known, the person being investigated is warned in time to change his original story as he goes along.

The story which the people of the West have been getting since before the Bolshevik Revolution is now going to be adjusted to accommodate and absorb information, which has been seeping through and which could quite soon be common property. For the future edification of a deliberately stupefied public opinion in the West, there are to be, as it were, “guided tours” through what were hitherto “no-go” areas in the realm of news reporting, public debate and contemporary history writing.

A start must be made in preparing the public for changes inside the Soviet Union and in East-West relations, which are pending, or, at any rate, intended. These changes could be of a magnitude, and every bit as traumatic as, the changes inside the Moscow-Berlin pact of 1939 or the process of de-Stalinisation after World War II.

## **A CONVERGENCE**

Implied in the policies and actions of the leading Western powers, the U.S.A. in particular, is the assumption that all are working towards the “ideal” of some sort of convergence of

the two worlds, an “ideal” that does not, however, exclude the possibility of a third world war.

Meanwhile, it is becoming increasingly obvious that economic socialism of the kind implemented in the Soviet Union by Lenin and his successors cannot ever be made to work.

It is, therefore, highly significant that in the Soviet Union, as Simis shows, there has come into existence a vast network of super-rich capitalists, matching in so many ways the super-rich capitalists of the West, ready to take over when the present system of totalitarian state capitalism finally collapses, as collapse it must, sooner or later. How else? And who better entitled to take over than “heroes” of the underground, anti-Communist, counter-revolutionary struggle, freedom, every one of them “freedom fighters” in the new dispensation?

*\*Vodka-Cola*, Charles Levinson’s massive “expose” of the involvement of Western banks and multi-national companies in the expanding Soviet economy, and the publicity given to this book in a BBC television documentary earlier this year, must be seen as part of the same historical phenomena as the Simis report.

What is not generally known is that Levinson is a key figure in the international trade union movement, with headquarters in Paris. In this way the one-Worlders aim to retain control of the minds of the trade union masses by themselves undertaking to reveal much of the truth that can no longer be concealed. This is done with an exhaustively documented, highly plausible story carefully tailored to prevent the workers from finding out that they are themselves just as much under the control of the super-capitalists as the banks and companies operating in the U.S.S.R.

## **TWO CHINAS: THE NOMENKLATURA AND THE REST**

**China’s elites are unable to reckon with the concerns of ordinary Chinese, much like the Soviet nomenklatura.**

**By Francis P. Sempa**

The current issue of *The New Criterion* contains a “Letter from Beijing” by Arthur Waldron, the Lauder Professor of International Relations at the University of Pennsylvania and one of America’s foremost experts on China. Last winter, Waldron attended the funeral of a renowned Chinese soloist, and afterward talked to

someone he identifies only as “a brain-truster for the [Chinese] central government,” a man who “worked at the center” of China’s power structure, who “was on a first-name basis with scores of the highest officials,” who “read the secrets every day.” This Chinese insider bluntly stated to Waldron that China’s political system does not work. “If we place our foot incorrectly,” the insider warned, “we could begin a disaster, violence and civil war.”

This is not the rosy picture of a rising China that normally fills the airwaves and popular media throughout much of Asia and the world. “China viewed from the inside is very different than China viewed from the outside,” the man told Waldron.

Waldron relates that he soon observed the phenomenon noted by the insider. He and his Chinese friends stood in line behind about a dozen people he describes as “motionless...drab, glum, calm, resigned,” who were waiting “for their morning meal of scalding hot cabbage and mystery meat” from a small kitchen located on a “rundown square.” When one of Waldron’s colleagues left the line for a moment then returned, a woman standing in line began yelling obscenities which triggered others in the line to do likewise, then the “whole previously passive line exploded,” shouting, cursing, and striking each other. After about a minute it was over.

Waldron’s Chinese friends immediately assured him that he had finally seen “what China is really all about.” This, they told him, was “the real China.”

The other China—the military parades, the growing fleet, nuclear rockets, bullying of neighbors in the South China Sea, and the wealthy Communist Party cadres—is the surface underneath which lies “pressurized anger” and “stomachs full of qi.”

The façade of a rising China on its way to becoming the next superpower, according to Waldron, hides the reality that after nearly 70 years in power the Communist Party has not attained one of its avowed goals—bringing about “a decent life for ordinary people.”

Instead, there are two Chinas—the China of the Communist Party and their urban dwelling associates and beneficiaries, who constitute the ruling elite or nomenklatura, and the hundreds of

millions of people, many who live in the countryside “with no proper education, transport, [or] medical care.”

Waldron’s letter in *The New Criterion* brought to mind Michael Voslensky’s book *Nomenklatura*, written in 1984, when most Soviet experts in the West believed that the Soviet Union would endure well into the 21st century. Voslensky, a former Soviet insider, brought to light the parasitic nature of the communist ruling class in Russia. “The parasitic tendencies of a ruling class,” he wrote, “are the consequences of its monopoly position.” The nomenklatura is an “exploiting, privileged class...exercising dictatorial power” not to bring about a classless society but to attain power and privileges for the ruling elite. Voslensky’s book exposed “the antagonistic structure of the real socialist society.” Five years after the publication of Voslensky’s book, the Soviet Union collapsed.

Voslesnky’s analysis in *Nomenklatura* had much in common with the sociological studies of Vilfredo Pareto, Robert Michels and Gaetano Mosca, whose works were brilliantly synthesized by James Burnham in his 1943 book *The Machiavellians*. These political philosophers believed that a ruling class or elite governed in all countries, not just communist countries, and that the principal goal of all ruling classes was to maintain and increase their power and privileges.

Arthur Waldron writes that at the start of the communist revolution in 1949, the Party’s purpose was “to save the Chinese people, to lift them up to a better life.” “Now,” he continues, “the Party is the purpose: it has become an oligarchy . . . [who] feel no sense whatsoever of social mission to the Chinese people.” “Now the role of the Chinese people,” he notes, “has become to support and save and be ruled by the Party.”

Waldron is perhaps too generous to the founding generation of China’s communist leaders. Pareto, Michels, Mosca, and Burnham would likely say that Mao Zedong’s purpose right from the beginning was a Leninist-Stalinist monopoly of power and privilege in society. But they would surely agree with Waldron that for today’s ruling elite in China—China’s nomenklatura—[m]aintaining Party rule, whatever the means, is the true purpose of all

actions” of the communist ruling elite. This phenomenon, Waldron soberly concludes, “is slowly breaking the spirit of one of the world’s greatest civilizations.”

## **XI JINPING CONTINUES HIS QUEST FOR ABSOLUTE PARTY CONTROL**

**By Shannon Tiezzi**

A pair of recent meetings emphasized Xi’s bid to strengthen CCP leadership even further, government, military, civilian, and academic; east, west, south, north, and center, the Party leads everything. So declared the Chinese Communist Party (CCP) after its 19th National Congress in October 2017. While more attention was paid to CCP General Secretary and Chinese President Xi Jinping’s enshrinement in the Party constitution at the same meeting, the return to a Mao-era mantra of absolute CCP control was even more telling about the Party’s vision for China going forward.

Under Deng Xiaoping, the CCP limited its leadership “mainly” to “politics, ideology, and the organization.” There was more of an effort to separate out Party and state functions, although in practice of course the division was strictly limited. Since the 1990s, the top posts of Party and state have been held by the same individual, and it’s no secret that the CCP’s Politburo Standing Committee is the real nexus of power in China.

Now under Xi, the trend toward some, albeit limited, separation of Party and state was reversed. Xi has made it his central mission to consolidate CCP control once again, and not only over the state apparatus but over every sector from entertainment and technology to religion and education. And Xi and the CCP still want more.

The third plenary session of the CCP Central Committee, held in March 2018, concluded that “the current function and structure of Party and state institutions are not completely suitable ... for modernizing China’s system and capacity for governance.” The solution? “To carry out the reform, it is essential to take strengthening the Party’s overall leadership as the overarching principle...”

To that end, the plenum communique recommended

“promoting coordinated actions and resultant forces among the people’s congresses, governments, political advisory bodies, and supervisory, judicial and prosecutorial organs, people’s organizations, enterprises, public institutions, and social organizations under the unified leadership of the CPC” (using the acronym for the Communist Party of China). All reforms to China’s legislative, advisory, and judicial bodies were first and foremost aimed to “strengthen the CPC leadership” so that “orders are executed without fail.”

On July 5, Xi spoke before a meeting of Chinese Party leaders, military leaders, and bureaucrats to evaluate the progress made on the 2018 plenum’s goals. Xi noted that implementation has been largely effective: “the reform has systematically enhanced the Party’s leadership.”

“In just over a year, the tasks of reform laid out at the third plenary session of the 19th CPC Central Committee have been accomplished on the whole,” Xi declared.

That makes for an interesting comparison with the third plenary session of the 18th CCP Central Committee, held back in 2013. That session’s communique, which laid out a blueprint for economic reform and opening, remains largely unfulfilled nearly six years after the fact. The contrast is a clear sign of where Xi’s priorities lie.

Despite expressing general satisfaction with the political reforms to date, Xi listed “priorities for the future,” including “To perfect the system through which the Party exercises leadership over major tasks and to strictly enforce political discipline and rules” and “to enhance the coordination between Party and government institutions.”

On July 9, just a few days later, Xi attended yet another meeting to drive home the importance of CCP leadership, this time focusing on the importance of Party building in CCP and state institutions alike. Central institutions “should actively respond to what the CPC Central Committee advocates, implement what it decides, and stop what it forbids,” Xi said, according to Xinhua.

It’s clear that Xi’s determination to expand CCP leadership remains intact; it’s also clear, however, that this is a work in

progress – thus the need for repeated meetings stressing the importance of obedience to central Party leadership.

Russia didn't 'feed' the USSR: the entire USSR 'fed' the nomenklatura, Mirovich says.

### **A Soviet Propaganda Poster**

The Russian-language slogan on the left says: "All power to the Soviets!" The slogan on the right says: "We will achieve victory of Communist labor!" 2019/04/30

One of the most widespread myths in Russia today is that in Soviet times, Russia took care of everyone, Maxim Mirovich says; but in fact, Moscow didn't "feed" anyone. Instead, "the entire country worked for the Soviet nomenklatura" which distributed scraps to the population at its discretion.

In short, the situation now is not much different than it was then but it involves only the Russian Federation and not the USSR which no longer exists except in the dreams of some regime propagandists and those who believe them, the Belarusian blogger suggests.

If one uses UN figures of GDP per capita in the union republics in 1990 and compares that with the pay Soviet citizens received, it becomes clear that the nomenklatura took 90 percent or more for state purposes and itself and paid the population only about 10 percent of what the people produced. In short, the regime got fat while all the people were kept poor.

The old Soviet poster proclaims: "Long live the brotherly union and great friendship of the peoples of the USSR!" Apparently, large military planes filling the sky are a prerequisite for the said "friendship." The other prerequisite must be having Ukraine in the union, as a woman figure representing Ukrainian people is positioned next to the largest, Russian, figure. The flags say: "Salutations to the great Stalin!"

The average Belarusian, for example, produced more than 1300 US dollars a month for the state but got back only a tenth of that in pay. The rest was taken by the state for its purposes, including supporting dictators abroad and conducting wars of one kind or another. The state didn't "feed" its own people then either.

The fallback myth about the USSR is that the Russian SFSR supposedly “fed all the rest.” That is based on the fact that GDP per capita in the RSFSR was more than three times that of the similar measure in Tajikistan. But what is offered as evidence of Russian assistance isn’t in fact evidence of that. Rather everyone was kept poor by the state, Mirovich says.

One reason the mythology of Moscow or Russia “feeding” everyone else lives on, he continues, is that much that was produced in one place was shipped to others without anyone who produced it benefiting. Thus meat products produced at a factory outside of Minsk were dispatched to places beyond the borders of Belarus.

But these things didn’t go to the Russian people or to the Tajiks: they went instead to the Soviet nomenklatura or were sold abroad to raise money for what the nomenklatura wanted.

What makes Mirovich’s article worthy of note is that it suggests that the debate about the Soviet past is heating up and that class analysis which drives much thinking about injustice under the Putin system is now being extended back in time to the Soviet system out of which the Putin regime came and to which it would like it certain respects to return.

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## **Further reading:**

*Stalin: The Court of the Red Czar* by Simon Montefiore

*Animal Farm* by George Orwell

*Silent Invasion* by Clive Hamilton

The foregoing books can be sourced from  
Book Depository at [bookdepository.com](http://bookdepository.com)

*In the Jaws of the Dragon* by Ron Asher  
Direct from the New Zealand publisher Tross Publishing,  
PO Box 22 143,  
Khandallah, Wellington 6441, New Zealand  
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*Dialectics and The Red Patten of World Conquest*  
both by Eric Butler

Each a free download from: - <https://alor.org/navigation/Library1.htm>

This could make buying a 'tablet' to read a worthwhile expense.

There is much else at the same site.

Louis Cook

## **IMPORTANT WORKS by Eric D. Butler:**

A Defence of Free Enterprise and The Profit Motive

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