

From Coronavirus Crisis to Economic Crisis

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The coronavirus (Wuhan pneumonia) crisis is not yet over, and the people in China are already being hit with an even more severe crisis—the economy. Housing prices and rental incomes have fallen, but monthly repayments to the bank remain the same; wages and bonuses have decreased, but school tuition fees and medical expenses for the elderly remain the same. Even as the people in China are struggling to make ends meet, the Chinese Communist Party (CCP) generously forgave massive loan repayments from 77 countries. What is going on?

Life in Lockdown

In China, when the coronavirus infection breaks out in a city, it is immediately placed under lockdown and treated like a war zone. Residents in Wuhan (Hubei Province), Jilin and Shulan (Jilin Province) know only too well how terrible life can be under that kind of a lockdown.

Beijing also fell victim in mid-June when a cluster of infections broke out at Xinfadi Wholesale Market in the Fengtai District.

A netizen named “rice grain” posted on social media on June 17, appealing for help. She said that she lives in a 'high-risk' neighborhood near Xinfadi Wholesale Market and that it was placed under lockdown beginning at 3:00 a. m. on June 13. “Many families have run out of food. It might be bearable for strong adults, but what about young children and the elderly?” “At the beginning, we were still able to order takeaway, but it is impossible now because the roads are blocked. Relatives and friends cannot help either, because no one is allowed any movement.

“Today is the fifth day of the quarantine, and we have run out of gas at home, too,” she said. “We're really desperate and need help urgently!”

Another netizen said in a posting, “We are struggling to make ends meet. What can we do? Prices have skyrocketed, while the standard of living is getting worse. It's like living in jail. I truly hope that people stop following the Chinese Communist Party. We believed what they told us and didn't stock up on food for the crisis, and now we are not even allowed to withdraw our own money from the

bank beyond the limit they have set. They have never cared about people's livelihood!”

Surge in Unemployment

According to Free Radio Asia, a video shared on social media on June 4 featured a scholar warning people in China: “Many Chinese are gloating over the recent rioting in the U.S., unaware of the seriousness of the unemployment problem in China. Without U.S. demand for goods from China, at least 10% of the labor force in China will lose their jobs. The closing down of businesses is only the beginning.”

Wu Hao, a businessman from Jiangsu Province, told Free Radio Asia that everyday life in China would be much worse than what the ordinary person could imagine. “It’s not as simple as just ‘tightening your belt.’ In China today, everybody is in debt, especially young people born in the 1980s and 1990s. Many live on overdrawn credit cards, with an average debt of 30,000 to 50,000 yuan. Some have debts of more than 100,000 yuan. Now when they lose their jobs, they cannot even pay the interest on their credit cards.”

Even though the CCP re-opened the economy on March 1, it has provided no assistance to medium and small businesses, causing them to close down in large numbers. These medium and small businesses employed 70% of the urban workforce. When these enterprises closed down, the number of unemployed soared, and there is no solution in sight.

According to a report by Bloomberg News on May 21 that the Pearl River Delta, a major engine for China's economic growth since its open-up reforms, is currently experiencing a wave of unemployment. Some manufacturers in Dongguan said that nine out of ten factories in the region have closed down and that the ones still open are only able to offer wages at a level of ten years ago.

While private enterprises are suffering, the CCP's state-owned enterprises and financial institutions have received lavish funds from the public purse. Many local governments started to sell public land again at soaring prices, which has, in turn, pushed housing prices to new highs. In fact, what they are doing is none other than using money from state banks for speculative land deals to boost the CCP's GDP figures.

For ordinary people, the rashly printed banknotes will only decrease the value of their money in the bank. At the same time, the CCP initiated a pilot policy to restrict the withdrawal of large amounts of cash, which has caused a bit of a panic. Nervous bank-runs have occurred in a number of cities.

Liu Chenjie, chief economist at Shenzhen Wangzheng Asset Management Co. Ltd. said the coronavirus outbreak might result in 205 million people in China losing their jobs. That is about a quarter of the working population (775 million) out of work, a rate much higher than 6.2% announced by the CCP government.

It is recognized that China's official data only includes the 442 million urban labor force, excluding the 290 million migrant workers from the rural areas, who are more vulnerable to economic fluctuations. In addition, the CCP only uses about 120,000 households in its monthly survey, which only accounts for 0.03% of the urban labor force. It is not surprising that the CCP's official unemployment rate cannot be taken as truth.

“Throwing Big Money Around”

The CCP has been throwing large amounts of money around in recent years, targeting countries and institutions perceived to be useful in enhancing its global standing and image on the international stage.

During the pandemic crisis, unlike Western countries or Japan and Taiwan, which implemented large-scale relief programs, offering cash relief to businesses and individuals, the CCP is again throwing money around while its own people are having a tough time.

On June 7, the CCP regime announced that it would suspend debt repayment for 77 developing countries and regions, saying that, through the pandemic, their “friends are closer and their circle of friends is bigger.” Experts believe the CCP's conduct is nothing less than outright bribery.

According to data from China’s mouthpiece Global Times, in the past four years, China's foreign aid has reached 6.0365 trillion yuan.

Someone calculated that, if that money were evenly distributed to 3,000 publicly-traded companies in China, each would receive 2 billion yuan. If it were lent to domestic small and micro enterprises, it could solve

virtually all the financial problems of 10 million enterprises, each receiving 600,000 yuan. If it were funneled to agriculture, rural areas, and farmers, 100 million people who live in rural areas could maintain a reasonable standard of living, with an average of 60,000 yuan per household.

None of the above, however, seems of interest to the CCP decision-makers. Their top priority is clearly on expanding the Party's control and dominance worldwide, and "throwing big money around" appears to be one of their strategies to gain "buddy friendship" and support.

Truth be told, the CCP has never been more isolated than now as a result of its unscrupulous conduct in concealing critical information on the source and spread of the coronavirus, in shirking responsibility by spreading disinformation and making groundless accusations, and its enacting the highly controversial "Hong Kong National Security Law."

Barring Africans from restaurants, supermarkets, and other public places in Guangzhou prompted an unusual wave of anger against the CCP regime in its "buddy friends" countries such as Ghana, Kenya, and Nigeria.

Some politicians in European countries that have been very close to the CCP regime have also lashed out.

For example, Italy's nationalist politician Matteo Salvini said that if China deliberately covered up the initial spread of the coronavirus, it would amount to a crime against humanity: “Those who have infected the world cannot be made saviors.”

Parliamentarians from eight countries and members of the European Parliament have recently formed the “Inter-Parliamentary Alliance on China (IPAC)” to jointly counter the CCP's threats to global trade, security, and human rights. The alliance is sometimes referred to as the “New Eight-Nation Alliance.”

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In most countries, the legitimacy of a government is based on its citizens' approval. In the face of a pandemic, as long as the government does what it should, people will understand even if there are disasters and will work with the government to deal with them.

In the CCP's totalitarian regime, decisions are made by a handful of individuals, handpicked by previous authorities.

The general population is not consulted, nor is their approval sought or required. In addition to systematic brainwashing, economic development has become another “legal basis” for the CCP's governance.

However, this “economic backing” has started to crumble as foreign businesses are moving their production lines out of China, one after the other, due to concerns over rising labor costs, stricter environmental regulations, and the uncertainty of a trade war between China and the U.S. The coronavirus crisis has only quickened the pace of such relocating.

According to a report on Nikkei Asian News on June 22, Samsung Electronics, Hyundai Motors, Kia Motors, and LG Electronics are moving production out of China in an effort to reduce an over-dependence that has left them vulnerable to a combination of local competition, geopolitical friction, and economic headwinds. Hyundai Motors has temporarily suspended operations at a plant in Beijing that is capable of churning out 300,000 vehicles a year. Affiliate Kia will end production of Kia-branded autos at a Jiangsu Province factory late this month. Appliance maker LG Electronics recently moved all production of U.S.-bound refrigerators at a facility in Zhejiang Province to South Korea.

By May, at least 180 Taiwanese companies have brought manufacturing back from China, investing NT\$751 billion (A\$39.01 billion) on its own soil.

Surveys conducted by UBS, a Swiss bank, showed that among its over 1,000 respondents from senior executives of big companies from America, China and northern Asia (eg, Japan and South Korea), 76% of American companies, 85% of northern Asian ones, and even 60% of Chinese firms said that they had already moved or were planning to move some production out of China.

Western governments have also become aware of the underlying fragility of China's economy and the untrustworthiness of the CCP regime, in particular its dissembling on the origins of the pandemic, and expressed great concern about the danger and vulnerability of having their supply chains for critical products anchored in a country like China, which does not follow the same principles and ethical values when it comes to doing business.

All this is an indication that the era of China as the “World’s Factory” is drawing to an end, and its economy,

which relies largely on foreign investment and exportation, is on the road to ruin.

<https://en.minghui.org/html/articles/2020/7/10/185820.html>