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(O comunismo e aqui!)

## **Communism is Here!**

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At last week's opening of the People's National Assembly, China's Prime Minister, Wen Jiabao, promised change as the focal point of his government, in order to develop social programs meant to improve the lives of those living in rural zones. This sector, the rural citizens, has fallen behind their urban counterparts, which have gone on to experience great economic growth in a purely capitalist manner.

To use a language we are familiar with here, Wen was promising the transfer of rent to the poorest. It is then surprising to observe the social programs that are being implemented.

For example: free schooling for all, from elementary to high school. Explicitly, Wen announced that schools, as of now, cannot charge monthly fees or taxes.

Does this mean that they used to? In communist China, mandatory schooling was paid for until now, even if it was partial and subsidized?

It is important to note that the cost of education is perhaps the principal preoccupation for urban families. Moreover, the government has been criticized for not having reached the expenditure target of 4% of GNP. It is currently at 2.5%, much less than here in Brazil, and for practically all relevant countries.

The surprises keep coming. Wen also promised that a new health program will only be partially subsidized and not fully paid by the state because it is too costly. In other words, schooling up until a certain level will be free, but medical assistance will not be.

People have to continue to make annual contributions to the health care. Furthermore, when citizens make a hospital visit they have to make partial payments for their treatment. Urban and rural citizens alike have complained that hospitals have increased their prices to increase profitability.

Can it be possible?

Of course, the debates over there are very similar to what we have here. Since we are discussing a one party dictatorship, without freedom of press, it is obviously more difficult to see what is going on. However, information has a way of getting out, by the hands of a growing urban middle class, a typical byproduct of capitalist societies.

We know that the left clamors for the enlargement of social programs destined for the poor in a way that preserves – or perhaps, reinstalls – socialist mechanisms. Conversely, on the right, the neo-liberals defend the development of capitalist institutions. At this moment, they are pushing for the Assembly to approve a new private property law. They also prefer state investments in infra-structure, by which to augment their economic growth.

There are also the “fiscalists” that defend and believe in a reduction of public deficit, of which is already small, less than 1.5% of GNP, and public debt, 22%.

For comparison’s sake, in Brazil the respective numbers are 3% and 50%. Also in Brazil, the state spends much more on education and free health care than China does.

It shouldn’t be surprising then that the public deficit is larger here, as well as tax avoidance. It is 38% of GNP here, while only 18% there.

All of which also goes to explain why Brazilians save so little – roughly 20% of GNP. They wait for and with a certain degree of certainty receive the protection of the State, which guarantees, a minimum salary pension for which nobody contributes into. In China, the savings rate is roughly 44% of GNP.

If it were only possible! Poor capitalists, they have to pay for everything!

Who would’ve thought it; we communists are the lucky ones!

All joking aside, while the Chinese spent the past 30 years creating a mechanism for growth, we preferred to create an enormous welfare State that promises more than it can deliver. It attempts to deliver, but in doing so it increases costs (and taxes) each year.

These statistics show that it is necessary to face an inevitable and painful choice. The truth is we have ignored that there exists a choice between a dynamic economy and egalitarianism (distributionism).

The PAC, the Brazilian government’s growth acceleration program, anticipates expenses of R\$ 3 billion with airports and air traffic control, in four years. This isn’t much.

Infraero, a Brazilian company managing 67 airports, informs that at least R\$ 7 billion is needed to get things in order.

Does the government have this money or not?

It depends. The Brazilian choice was to increase the minimum salary from R\$ 350 to R\$ 380. While the government pays for retirements and pensions for at least 17 million people, consisting of 13 payments per year, that expenditure totals R\$ 6 billion per year.

If the salary had been adjusted for inflation, therefore maintaining its real value, then R\$ 4 billion would be “left over” for public works this year alone.

The Chinese are constructing airports all over their country.