

State of Mankind

How much do you know?

Excerpts from

How the Specter of Communism Is Ruling Our World

(149)

In addition to outright stealing, China's state support and subsidies are also an important means for the CCP to accomplish its ambitions. State support means that the regime can use huge sums of money to support key industries. Effectively, this is about using China's national power to exert pressure on private businesses in the West. This poses an enormous, unique challenge to countries where leaders are democratically elected and leave business decisions to businesses themselves. It can be said that Western companies have lost before the game has even begun. China's subsidies — ultimately taken out of the pocket of the unconsenting taxpayer — mean that Chinese manufacturers can ignore the real costs, making them unstoppable predators in international markets.

The solar cell industry is a classic example of the Chinese regime's subsidies. Ten years ago, there were no Chinese companies among the top ten solar-cell manufacturers, but now there are six from China, including the top two. The green

energy industry was heavily promoted during President Obama's first term, but before long, dozens of solar-panel makers were filing for bankruptcy or had to cut back their businesses in the face of unrelenting competition from China, which undermined the enthusiasm for clean energy at the time.[53] The damage was caused by China's dumping products on the world market, which was enabled by the regime's subsidies for its domestic solar industry.

In Western countries, states also fund key projects, including those on the cutting edge of technological development. The prototype of the internet, for instance, was first developed by the U.S. Department of Defense. However, in the West, government participation at the national level is limited. Once a technology is commercialized, private companies are free to act as they will. For example, NASA disseminated its advanced research results to industry through its Technology Transfer Program. Many of its software projects simply put their source code on the Web as open source. In contrast, the CCP directly uses the power of the state to commercialize high-tech, which is equivalent to using a "China Inc." to compete against individual Western firms.

The Made in China 2025 project is, of course, inseparable from state subsidies and state industrial planning. If the CCP continues on its current track, the story of the solar panels will

play out again in other industries, and Chinese products will become global job-killers. Through unrestricted economic and technological warfare, the CCP has successfully led many Western companies, including multinational corporations, into a trap. They handed over capital and advanced technology, but weren't able to compete fairly in the Chinese market, and instead helped create their own state-backed competitors. The CCP used them as pawns to achieve its ambitions.

From Chapter Eighteen

The Chinese Communist Party's Global Ambitions