

# How the Specter of Communism Is Ruling Our World:

## Chapter Nine: The Communist Economic Trap (Part I)

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#### Introduction

Over 150 years ago, Karl Marx published *Das Kapital*, advocating the abolition of private property and its replacement by public ownership. A century later, communist public ownership was being implemented across one-third of the world's nations.

After the disintegration of the Soviet bloc following 1990, many Eastern European countries underwent "shock therapy" to return to market economics. Other countries not ruled by communist parties, but which had nevertheless embraced socialist nationalization and endured the misery and poverty of public ownership, ultimately had no choice but to introduce market reforms.

To achieve global domination, the specter of communism launched offensives worldwide. Looking at those countries that abandoned communism or the socialist economic model, one would think that the specter had failed in its goals. But the reality isn't so simple. The communist specter does not follow a fixed set of principles. Instead, its methods and forms are constantly shifting to fit the situation. It may abandon or criticize its previous actions for the sake of the greater objective, and nowhere is this truer than in the economic sphere.

Upon careful analysis of our present economic system and the reality behind it, one cannot help but discover how the communist specter has spread its tendrils to every corner. As wishful schemes and blind worship of government abound, the economy of virtually every country on earth is moving away from the principles of the free market. Nations are losing their moral foundations and gravitating toward communism. It is time that we wake up to this reality and take measures against it.

## 1. Developed Western Countries: Practicing Communism by Another Name

In The Communist Manifesto (originally Manifesto of the Communist Party), Marx wrote that communist theory can be summarized in one sentence: Abolish the system of private ownership. For individuals, this implies the “abolition of bourgeois individuality, bourgeois independence, and bourgeois freedom.” For society, it means that “the proletariat will use its political supremacy to wrest, by degree, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class.” [1]

To achieve this objective, communists used violence and mass murder in communist countries. But as violent communism lost its appeal, nonviolent forms were devised. These variant strains of socialism infiltrated all of society to the extent that they are difficult to identify.

Western countries are using many economic policies that don't appear to bear any relation to socialism either in name or form, yet they play the roles of restricting, weakening, or depriving people of the right to private property. Others weaken the mechanics of free enterprise, expand government power, and lead society further down the road toward socialism. Methods include high taxation, generous social welfare, and aggressive state interventionism.

### a. High Taxes and Generous Social Welfare

An important feature of communist or socialist economics in Western countries is robust social welfare. Current social welfare policies make people who came from communist countries feel as though they have simply moved to another socialist state.

## Undercover Socialism

The government itself doesn't generate value. Rather, it's like shearing wool from a sheep. All social benefits are ultimately paid for by the people using taxes or national debt. A high degree of welfare itself is a variant form of communism, just without the violent revolution practiced by communist parties.

High taxation is the forcible nationalization of private assets for redistribution on a large scale. At the same time, it is a hidden path to gradually phasing out the system of private ownership.

The end result of high taxation is the same as the public ownership and egalitarianism imposed by communist regimes, with the only difference being whether nationalization is effected before or after production. In communist planned economies, production materials are directly controlled by the state. In the West, production is controlled privately, but the revenue is converted into state assets via taxes and redistribution schemes. Either way, it is equivalent to robbery and plunder of others' wealth. In Western countries, rather than using killing and violence, this was achieved legally through democracy and legislation.

Some government aid is reasonable, such as social security for victims of disasters or accidents. But the positive aspects of welfare make it a convenient instrument of deception, and it becomes the excuse needed to increase taxes. In this regard, generous social welfare has already achieved the same destructive consequences as communist economics for the people, society, and moral values. By nature, communist economics brings out the dark side of human nature. This is the root cause of why the specter is pushing communist economic values around the world, whether in free societies or in those directly controlled by communist regimes.

## High Taxation

Social welfare in developed Western countries consumes a large portion of fiscal revenue, which comes from taxes transferred from private wealth. There is no other way to maintain this level of government largess.

In the United States, over half of tax revenue is spent on Social Security and medical care. More than 80 percent of this money comes from personal income taxes and social security taxes; 11 percent is from corporate tax. [2] Many Western countries go even further than the United States, given their more comprehensive welfare systems.

According to 2016 data on thirty-five market economies published by the Organization for Economic Co-operation and Development (OECD), twenty-seven countries had an income tax rate of over 30 percent. The countries with the two highest income taxes, at 54 and 49.4 percent, were both in Europe. On top of this, eating or shopping in many parts

of Europe comes with a value-added tax as high as 20 percent in some places. [3] Corporate taxes and other taxes further add to the overall rate.

Other data showed that in 1900, only seven of the fifteen countries for that year imposed an income tax, with Italy leading at a rate of 10 percent. Australia, Japan, and New Zealand had income tax rates of about 5 percent. But by 1950, the average maximum tax rate across twenty countries was over 60 percent; today, it has slowly fallen to around 40 percent. [4]

High taxation burdens not only the wealthy; the poor are also penalized in various ways. While the rich often have various legal means of shielding themselves from taxes, welfare benefits afforded to the poor disappear as their income increases beyond a certain threshold. In short, people are being penalized for working harder.

## High Welfare

In 1942, the British economist William Beveridge advocated the welfare state, a plan “all-embracing in scope of persons and of needs.” In modern society, the high welfare system has been expanded to cover unemployment, medical care, pensions, occupational injury, housing, education, child care, and the like, far beyond traditional concepts of charity for those in immediate need of aid.

A report from the Heritage Foundation showed that in 2013, more than one hundred million people in the United States, or about a third of the population, received welfare benefits (excluding Social Security and

Medicare) worth an average of \$9,000 per person. [5] According to statistics collected by the U.S. Census Bureau, about 12.7 percent of the population was living under the poverty line in 2016, yet their living conditions may come as a surprise to many.

According to government surveys, 96 percent of parents in impoverished households said that their children had never been hungry. Almost 50 percent of impoverished households lived in detached houses, and 40 percent lived in townhouses. Just 9 percent lived in mobile homes. Eighty percent had air conditioning and two-fifths owned widescreen LCD TVs. Three-quarters of impoverished households owned cars. [6] The deliberate categorization of large numbers of people into the “impoverished” demographic provides ample excuse for the expansion of welfare.

Benefits provided by the U.S. government are below average compared with members of the Organization for Economic Co-operation and Development. Most people living in Nordic countries and other Western European nations enjoy far greater welfare than Americans. In Denmark, for example, even the wealthiest citizens enjoy a cradle-to-grave social safety net that includes free medical care, university education, and other generous benefits.

Prior to their country’s economic collapse, Greeks enjoyed an annual fourteen-month salary, retirement at the age of 61, and a pension equivalent to over 90 percent of their salary. Swedes are entitled to 550 days of continuous sick leave and other benefits.

The expansion of welfare from its traditional role of emergency charity to constant benefits for the entire population is, in fact, part of the specter's scheme to impose a communist economy.

### Social Benefits: Spreading Corruption and Intensifying Contradictions Between Rich and Poor

From an economic point of view, the essence of welfare is to take money from some people and transfer its value to others. However, it is the government that is responsible for distributing the wealth, thus de-emphasizing the wisdom that one must work in order to gain. The loss of this moral principle is particularly evident in Northern Europe.

Swedish scholar Nima Sanandaji demonstrated this point using data from the World Value Survey. In the early 1980s, 82 percent of Swedes and 80 percent of Norwegians agreed with the statement that "it is wrong to receive government benefits that you do not deserve." By the time of surveys respectively taken in Norway and Sweden in 2005 and 2008, only 56 percent of Norwegians and 61 percent of Swedes agreed with this statement. [7]

Under a generous welfare system, those who work hard receive fewer returns, and those who are less industrious are rewarded with benefits. Over time, this subtly distorts moral traditions, as those who grew up with high government welfare lose the industriousness, independence, responsibility, and diligence of their forefathers. They take the system for granted and even consider welfare to be a human right. They have formed a habit of relying on the government and even holding it hostage for continuous aid. Social values have changed almost

irreversibly. Like boiling frogs slowly, communism's use of high amounts of welfare erodes moral wisdom.

High government welfare also squeezes out the role of traditional charities, depriving both the donors of the opportunity to do good works and the beneficiaries of the chance to feel gratitude.

In traditional society, charity was done by one's own choice, either by directly aiding the less fortunate or by donating to charitable organizations such as churches. There were definite donors and recipients, and being able to receive assistance was a privilege, not a right. Recipients felt gratitude for the donors' kindness and would be motivated to use the charity to supplement their own efforts to improve their lot. Those who received charity and turned their lives around would be likely to return the favor when others confronted the same challenges they once faced.

French thinker Alexis de Tocqueville noted that charity combines the virtues of generosity and gratitude, which interact mutually to improve society and exert a positive moral influence. Meanwhile, the relationship between givers and receivers functioned to ease conflicts and antagonism between rich and poor, as charitable behavior on the part of individuals connected members of different economic classes. [8]

The bloated system of modern welfare alienates donors and recipients by bureaucratizing the process of charity. The "donors" of today are taxpayers who are forced to give up their wealth, rather than sharing it

voluntarily. Meanwhile, recipients of welfare have no connection to their benefactors and feel no gratitude for their sacrifice.

Tocqueville believed that social welfare exacerbated conflicts between rich and poor. Having part of their wealth forcibly confiscated, the wealthy would come to resent the class of welfare recipients.

Tocqueville said that the poor, too, would continue to feel discontent since they would take their economic relief for granted: “One class still views the world with fear and loathing while the other regards its misfortune with despair and envy.” [9]

Bloated welfare also becomes a point of jealousy and political conflict that communism uses to destroy people’s moral and social harmony. This has been observed in the Greek economic crisis: Rather than a conflict between rich and poor, the struggle was to be had between the middle and upper classes. Among the latter, tax evasion has become a “national sport,” according to Greek officials cited by *The Economist*. [10] At the same time, so as to not upset its constituents, the Greek government has relied on taking loans to offset diminishing tax revenue and maintain the same level of welfare found in other European countries.

In the aftermath of the economic crisis, the Greek government attempted to cut back on social welfare, only to meet with staunch resistance from the general population. The people set their sights on the wealthy and demanded even higher taxes be levied on them, creating a headache for the government that has yet to be resolved.

The welfare system erodes the traditional work ethic and makes people feel entitled to that which they did not earn. As industriousness is punished, the entire economy suffers.

In 2010, a practical study by Martin Halla, Mario Lackner, and Friedrich G. Schneider produced data showing that social welfare disincentivizes hard work in the long term. And such a result will not be shown until a long period of time later. The three economists concluded that the dynamics of the welfare state are inimical to the health of a nation's economic base. [11]

### The Culture of Poverty

In 2012, The New York Times ran a feature article titled "Profiting From a Child's Illiteracy," in which it described the impact of welfare policy on low-income families living along the Appalachian Mountains in the Eastern United States.

The feature described how many impoverished families gave up sending their children to school in order to qualify for aid: "Moms and dads fear that if kids learn to read, they are less likely to qualify for a monthly check for having an intellectual disability." [12]

"Many people in hillside mobile homes here are poor and desperate, and a \$698 monthly check per child from the Supplemental Security Income program goes a long way—and those checks continue until the child turns 18."

This aid program was begun about 40 years ago with the goal of helping families raising physically or mentally challenged children. By the time The New York Times reported on the subject, over 55 percent of qualifying children were categorized as mentally challenged, but did not have any defined condition. Across the United States, there are now a total of around 1.2 million “mentally challenged” children for whose care taxpayers provide \$9 billion annually. [13]

Here, welfare and the flaws of human nature feed each other in a vicious cycle. Despite the good intentions of those who advocate and formulate welfare policy, it indirectly aided the communist specter in its goal of bringing down and destroying humanity.

Over a century ago, Tocqueville made the observation that welfare programs do not discriminate among individuals, only poverty thresholds. This makes it hard to allocate aid efficiently since it is impossible to know whether the qualified individuals are actually suffering from circumstances beyond their control or if their misfortune is of their own making. [14]

Welfare abuse doesn't just tie down public finances; it also affects the futures of children who grow up under its system. Research conducted in 2009 found that two-thirds of people who received welfare as children continued to receive it into adulthood, and will possibly remain on welfare for the rest of their lives. [15]

As a matter of election strategy, the term “disability” is being continually refined to include an ever-expanding part of the population in the ranks of those eligible for welfare. The criteria determining who

is entitled to welfare creates an atmosphere of negative reinforcement that encourages the misuse of these benefits. The resultant regression in social morality and economic malaise help the communist specter achieve its aims.

Welfare is an emergency measure to assist those in genuine need, effective in circumstances such as those involving occupational accidents, epidemics, natural disasters, and so on. It shouldn't become the default form of subsistence, as it is incapable of resolving the dilemma of poverty. As of 2014, in the 50 years since President Johnson launched his war on poverty, American taxpayers spent 2.2 trillion dollars to pay for welfare. [16] Yet, as statistics from the U.S. Census Bureau show, the poverty rate has remained steady for the last 40 years. [17]

According to American economist William Arthur Niskanen, the welfare system spawned a culture of poverty, which in turn feeds into a vicious cycle of dependence on government aid, extramarital children, violent crime, unemployment, and abortion. His analysis of U.S.-wide data for the year 1992 produced estimates on the effects that could be expected from increasing Aid to Families with Dependent Children (AFDC) benefits by 1 percent of the average per capita income: AFDC recipients would increase by about 3 percent; the number of people in poverty would increase by about 0.8 percent; births to single mothers would increase by about 2.1 percent; and the number of unemployed adults would increase by about 0.5 percent. Abortions and violent crime would become more common as well. [18] Niskanen's findings suggest that a robust welfare system fosters dependence on the system and discourages personal responsibility.

The disintegration of families is a chief ingredient in the culture of poverty. In a study of historical and contemporary poverty among blacks, economist Walter E. Williams found that 85 percent of impoverished black children lived with teenage single mothers. The welfare system promotes this phenomenon, as it encourages single mothers to live without taking responsibility for their actions. They can get subsidies, housing subsidies, food stamps, and the like from government welfare. Welfare has been instrumental in pushing single parenthood, causing more poverty. [19]

Despite the fact that welfare has been expanding in the last few decades, the gap between rich and poor has been continuously increasing as well: The average wage, adjusted for inflation, increases at a snail's pace while wealth flows to the most wealthy. A class of working poor has emerged. Armed with these societal issues, the left wing pushes for a bigger government, higher taxation, and more welfare to combat poverty by exacerbating it further.

### The Left's Use of Welfare Policy to Gain Votes

Left-wing politicians often promote more welfare and higher taxes. Using a variety of election slogans to convince voters of their noble intent, they portray themselves as possessing the moral high ground, even though these politicians are not the ones who will be providing the welfare. Their method is merely to seize the wealth of the upper and middle classes and distribute it among the poor. Since the system conceals the relationship between donor and recipient, the politicians

nevertheless claim to have played a crucial role in the process. They receive the recipients' gratitude in the form of votes.

## b. Aggressive Economic Interventionism in Western Countries

### State Intervention

At present, governments in the free world are already practicing heavy interventionism in their national economic systems. One cause of this was the welfare politics, developed under the socialist influence, which expanded the state's role in wealth distribution. Another impulse for this trend was the Great Depression of the 1930s. Following the crisis, Western society was deeply influenced by the theories of Keynesian economics, which advocates active state intervention and regulation of the economy by using finance.

In a normal society, the government's role is limited. Only in exceptional situations should the state interfere in the economy, such as during times of natural disaster or some other crisis. But today, Keynesian theory has taken hold around the world. Governments of all countries are racing to take greater control over their respective economies.

When the government plays an active role in the economy, each action has a massive ripple effect on the market. New policies and laws can make or break entire industries, making many businesses and investors reliant on the government's decisions. The state, which traditionally only passed and enforced laws, has now become a leading participant in the economic arena. Like a referee joining a soccer match, the state

has become responsible for controlling and regulating capital in what used to be the privately owned economy, replacing the “invisible hand” with its “visible hand.”

Active financial control combined with high-welfare policies has caused many governments to incur huge debts. According to data from the OECD, more than half of its member states have government debts near or over 100 percent of GDP. Some countries’ debt exceeded 200 percent of their economic output. [20] This presents a major vulnerability for the social and economic future of many countries.

Nobel Prize-winning economist Ronald Coase wrote multiple research papers on the impact of government intervention. In his work, Coase found that interventionist policy almost always produces negative results. He believes that the crisis of intervention has reached the point of “diminishing marginal returns.” [21]

Despite this, the governments of all countries have only become more active in their manipulation of the economy, bringing it more and more under the control of the state.

### The Consequences and Reality of Interventionism

There are at least two major consequences of extensive state intervention. First, the power of the state expands in terms of its role and scale. Government officials develop increasing hubris about their ability to interfere with the economy and have the state play the role of savior. After handling a crisis, the government is wont to retain its expanded powers and functions.

Second, interventionism creates more reliance on the government. When the people encounter challenges, or when the free market cannot provide the benefits they desire, they will lobby in favor of more state intervention to satisfy their demands.

As the power of the state increases, private enterprise weakens, and the free market has less space in which to function. People who have benefited from and grown dependent on politicians will increasingly demand that the government take responsibility for allocating wealth and enact laws to enforce this.

In the West, there is a strong political current pushing society toward the Left. This includes followers of the original left wing, including socialist and communists, as well as those not traditionally associated with the left wing, but who have been co-opted by them. The convergence of these disparate forces encourages the government to take greater measures to intervene in the economy and interfere with the functioning of private enterprises. This erosion of normal economic activity appears to be caused by various social movements, but in fact, it is the specter of communism that pulls the strings.

It can be seen that Western governments wield their public authority under the banner of equality and other political excuses to increase intervention and are even enacting laws to make this the permanent state of affairs. There is no doubt that this behavior deprives market economies of their principal arbiters—the free will of the people. The state is essentially expanding its authority over the free market to turn it into a command economy. The long-term implications are that all

aspects of the economy and popular livelihood will come under public control. Economic means will be used to consolidate political power, enslaving society and its citizens.

Using policy that looks benign on the surface, but progressively tilts the economic structure toward centralism, the specter is gradually leading humanity into full communism.

### c. Socialist Economics Leads to Communist Totalitarianism

High taxes, high welfare, and widespread state intervention are manifestations of socialism within the Western capitalist system. Thus, socialism shares the same principal nature of planned economics, as both use the authority of the state to manipulate the economy. The underlying article of faith here is in the omnipotence of the government, which is allowed to play God.

As things stand, the only difference between heavy state interventionism in the West and the planned economies of communist countries is that in free countries, the law and some basic aspects of the capitalist system protect human rights from total government control.

Friedrich Hayek, the prominent Austrian economist and philosopher, cautioned against state-controlled planning and wealth redistribution, saying that it would inevitably tamper with the market and lead to the rise of totalitarianism, regardless of whether the system was democratic or not. Hayek believed that although the socialism practiced in Europe and North America was different from public

ownership and planned economics, it would nevertheless come to the same result. People would lose their freedom and livelihood, just in a slower and more indirect fashion. [22]

As has been discussed earlier in this book, Marx, Engels, and Lenin all saw socialism as a mandatory step on the path to communism. A train's movement toward its destination will not be affected by its stopping at a station platform along the way. Likewise, the specter of communism is the driving force behind a country that is moving toward socialism. Once humanity forsakes tradition, whether in the economic sphere or in other areas, and accepts communist ideology, the pace of development is irrelevant. Sooner or later the destination will be reached.

The destination at the end of this path is not heaven on earth, but the destruction of humanity. In fact, the devil is not concerned with whether "heaven" is realized or not, as it is merely a bait to lure people to their doom.

## 2. The Dystopian Socialism of the Chinese Communist Party

After public ownership and the planned economy reduced China to poverty, the CCP was compelled to embark on a process of "reform and opening up" by which it introduced elements of the free market into Chinese society. Many believe that the Party has become capitalist, but this is far from the truth.

### a. The Chinese Economy: No Relaxation of Communist Control

Out of expedience, the CCP liberalized some aspects of the Chinese economy, such as allowing private business. But this does not mean that the communists have loosened their grip. On the contrary, economic reform was the strategy they used to continue their power and deceive the world.

The Chinese communist model is a monstrous combination of socialism, statism, and market economics. Although private enterprises exist, the CCP has never promised the people any fundamental right to private property. All resources and land remain ultimately at the Party's disposal. At the same time, the CCP uses the state to impose strict controls on economic matters. It still implements large-scale national planning in what should be considered an economy of power. The market is only a means used by the state to stimulate production; it is not truly independent and neither are there institutions in place to support a free market.

The spirit of the law is absent, and there is no clear system of property rights. The exchange rate is not allowed to adjust itself naturally. The flow of wealth in and out of the country is restricted, and international firms are tightly controlled. The CCP uses government subsidies and export tax rebates to boost exports with the aim of defeating competitors with a price race. It has disrupted the normal order of world trade.

In China, all economic activity is geared toward the fulfillment of political needs. The economic freedoms of enterprises and individuals are subordinate to the whims of the state and can be revoked at any

time. It is precisely for these reasons that the World Trade Organization has long refused to acknowledge China as a market economy.

Many in Western governments harbored the naive hope that economic development would bring political liberalization and democracy to China. Instead, China's public capitalism was used to nourish the socialist organism, reinvigorate the Party's leadership, and continue along an evil path.

With greater financial means, the CCP subjected the people to more brutal and sophisticated forms of repression. In July 1999, the regime started the persecution of Falun Gong, targeting its one hundred million practitioners. This war against the universal principles of truthfulness, compassion, and tolerance continues to this day. Since 2009, the CCP has spent over 500 billion yuan (US\$75 billion) annually to cover the costs of "maintaining stability," that is, policing the Chinese population.

#### b. The Truth Behind China's Economic Rise

Because of China's rapid GDP growth over the last 40 years, many have come to believe in the superiority of socialist economics. It has made many Westerners, including elites in political and academic circles as well as think tanks, marvel at the efficiency of the totalitarian system. In fact, the economic model the CCP has built cannot be duplicated. On the one hand, the reasons for its economic rise demonstrate the internal instability of the socialist system. On the other, the Party's model foreshadows an abundance of vices created by its unscrupulous economy of power.

China's economic growth in the past 40 years draws in large part from the following factors: First, the relaxation of the state-owned economy and the abandonment of central planning, as well as the revitalization of the private sector have given the Chinese economy a powerful productive drive. Chinese people are hardworking and intelligent, but the Party hindered their industrious potential for decades. A desire to alleviate themselves of poverty has rekindled the motivation to do business and unleashed the tremendous economic power of the Chinese.

A second factor was the massive influx of Western capital and technology into China during the reform era. Under the command economy, China's vast expanses of underutilized land, labor, and markets were like gold for which prices were not yet determined. The combination of capital investment and undeveloped resources ignited the blaze of China's economic growth. Had it not been for the Party's totalitarian rule, this fire should have been started decades earlier, and in a much more controllable and sustainable fashion.

The scale of Western investment in China is immense. According to published figures, the direct American investment in China reached nearly \$800 billion between 2000 and 2016. [23] The total value of foreign capital entering China from 1979 to 2015 amounted to about \$1.64 trillion. [24]

Western countries even gave the Chinese regime preferential trade status along with broad market access. In May 2000, the U.S. government granted China Permanent Normal Trade Relations (PNTR).

On December 11, 2001, China formally entered the World Trade Organization (WTO) and joined the international market.

The CCP developed its economic power using unethical models of development. Among these include sweatshop labor, the extreme exploitation of workers and peasants, the violent demolition of housing and relocation of the occupants, and the like. For the sake of short-term growth, the CCP ignored environmental destruction and other hazards to squeeze every last drop of profit from its land, people, and resources.

The Communist Party took advantage of Western capital, technology, markets, favorable trade status, and cheap domestic production costs to make vast sums in foreign reserves. The trade deficit between the United States and China rose from about \$80 billion in 2000 to over \$375 billion in 2017.

Finally, the CCP overturned the conventions of international trade and took full advantage of the opportunities available to it regardless of their legitimacy. It adopted the nationwide strategy of plagiarizing intellectual property in an attempt to overtake other countries in terms of industry and technology. This constitutes the biggest case of theft in all of history.

The 2017 report by the Commission on the Theft of American Intellectual Property stated that China's fake goods, pirated software, and stolen trade secrets cause the United States a loss of between \$225 billion to \$600 billion every year, a figure that does not include losses due to the theft of intellectual property.

The report stated that over the past three years, US\$1.2 trillion was lost due to intellectual theft, the majority of which was from China. [25][26] A report by the Director's Office of National Intelligence Service states that 90 percent of cyber attacks on U.S. businesses come from the Chinese government, inflicting an estimated \$400 billion in total economic damage every year. [27]

China's economic growth was fueled by the relaxation of socialist ideology, investment from advanced Western countries, and the CCP's immoral business conduct. In no way does this indicate the superiority of socialism, nor that the Party is developing on the normal capitalist path. Western observers sometimes describe communist China's unscrupulous business model as "state capitalism." This is giving the Party undue praise. Under the CCP's totalitarian rule, the economy is merely a political instrument. The window dressing of market economics is a superficiality the CCP uses to deceive the world.

The CCP's economic model utilizes state authority to induce rapid economic development while employing underhanded tricks to be competitive. It has encouraged other countries to adopt heavier state intervention. These countries have made the grave mistake of idolizing the Party's model as a success while ignoring its human and moral tragedies.

### c. Consequences of the Chinese Economic Model

The CCP's economic model has put society in moral freefall, exactly in line with the communist specter's aim of destroying humankind. The

Party's economic power goes hand in hand with the erosion of morality as it drags people into a bottomless sea of indulgence and eventual annihilation.

Today's China is inundated with fake goods, poisonous food, pornography, drugs, gambling, and gangs. Corruption and prostitution have become achievements to take pride in, while social trust is virtually nonexistent. The widening gap between rich and poor is accompanied by social strife and abuse of justice. Citizens turn a blind eye to the suffering of their compatriots. In the economy of power, Party officials use their authority to amass wealth. The enormity of corruption increases with rank. The misappropriation of billions is a normal occurrence. There is no government as corrupt or morally degenerate as the Chinese communist regime.

In October 2011, the world was shocked by the death of Yueyue, a 2-year-old girl in Guangdong Province who was hit by a truck. Instead of getting out to help, the driver put his truck in reverse to crush Yueyue again and ensure that she was dead. During the tragedy, 18 people walked by without stopping, and Yueyue later died in the hospital. International media wondered if China had lost its soul. It might be understandable that people are reluctant to come to the aid of others when there is danger involved, such as in an armed robbery, yet Yueyue did not pose a conceivable threat to anyone as she lay dying beneath the tires of a heartless driver. Chinese society has hit rock bottom.

Economic growth without morality is chaotic, brief, and disastrous. Under the inhumane policies of the CCP, social conflict abounds, and

the environment is on the verge of collapse. The consequences of moral decay are fatal. China calls itself a strong country, but its strength is an illusion. Its superficial prosperity, built upon the reckless pursuit of wealth, is doomed to collapse in the convergence of moral crisis and social conflict.

There is no good future in store for China if it cannot escape the devil's snares. The specter of communism has no intention to implement healthy and sustainable growth, as its goal is to destroy China.

### 3. The Ravages of Socialism in the Developing World

#### a. Socialism Continues to Haunt Eastern Europe

In the world today, developed Western countries engage in hidden socialism, and the Chinese Communist Party has imposed an authoritarian socialist monstrosity. In Eastern Europe, communism continues to haunt the region, as there has not been a full reckoning of crimes committed by the former Soviet bloc regimes.

The lingering presence of communism can be seen in various facets of Eastern European politics and economics. For example, Russia and Belarus retain powerful state-owned enterprises, high welfare, and aggressively interventionist policies. During the transitional period from communism, Eastern European countries experienced crises of slow economic growth and high unemployment. All this encouraged the relapse of communism and socialism in new forms. The ghost of communism has not been banished. Left-wing parties were animated

with renewed vigor, feeding off people's nostalgia for the socialist past. [28]

## b. Socialist Economics Failed the Developing Nations

In the developing nations of Asia, Africa, and Latin America, many newly independent countries had declared their allegiance to socialism by the 1960s. The aftermath has been nothing short of a mess. More recent cases include Venezuela and Zimbabwe.

Venezuela was once the richest country in Latin America. Since socialism drove its economy to collapse, Venezuela is rife with poverty, crime, and starvation. Zimbabwe was once the richest country in Africa. Today it has sunk into complete catastrophe, as inflation has spiraled beyond imagination.

### Venezuela: How Socialism Bankrupted a Prosperous Country

Venezuela is blessed with considerable oil reserves. In the 1970s, it was the fastest growing country in Latin America, enjoying the lowest level of income inequality and the highest per capita GDP in the region. [29] Venezuela's relatively free economy attracted skilled immigrants from Italy, Portugal, and Spain. Together with the protection of property rights, these factors enabled the nation's economy to grow rapidly from 1940 to 1970. [30]

After the new president came into office in 1999, he embarked on an ill-fated program of nationalization that eventually threw the

Venezuelan economy into chaos. The president had publicly declared that he would engage in socialism of the 21st century. [31]

To build socialism, the Venezuelan government requisitioned or nationalized many private companies, including oil, agriculture, finance, heavy industry, steel, telecommunications, energy, transportation, and tourist enterprises. This process was ramped up following the president's 2007 reelection. His government expropriated 1,147 private companies between 2007 and 2012, with catastrophic effects.

Once-productive industries were shut down and replaced by inefficient state-owned enterprises, scaring off investors. As production sank, Venezuela turned to heavy reliance on imports. Coupled with a series of government interventions involving foreign reserves and price controls, disaster inevitably struck when the price of oil dropped.

Some attributed this tragedy to the oil crisis, but the reasons for Venezuela's dramatic failure are not to be found here. According to data provided by The World Bank, seven countries that relied on oil exports even more than Venezuela experienced economic growth in 2013–2017. [32]

The root of the problem lies in the socialist economic system. Venezuela's economic policy essentially marched to the tune of the ten revolutionary demands Marx proposed in *The Communist Manifesto*. [33] Venezuela met its economic fate at the hands of the communist specter.

Zimbabwe: From Breadbasket of Africa to Land of Famine

After Zimbabwe's declaration of independence in 1980, it endeavored to build a socialist state according to Marxist-Leninist principles. Its first president was a Marxist believer when he was young. His guerrillas, guided by Mao Zedong Thought, received unconditional assistance from the Chinese Communist Party and maintained a relationship with China. Unlike other African countries that implemented socialism, Zimbabwe did not immediately impose nationalization policies.

Zimbabwe's economic woes began in 2000 following the start of land reform. Under the reform program, land belonging to white farmers was seized and redistributed among landless blacks, as well as those of the approved political background. The result was a sharp decline in agricultural productivity. In an attempt to evade the crisis, Zimbabwe's Central Bank printed more money, leading to endless hyperinflation.

Figures from the Central Bank of Zimbabwe indicates that in June 2008, the country's annual inflation reached 231 million percent. By mid-November 2008, inflation had peaked at nearly 80 billion percent, after which the authorities gave up on publishing monthly statistics. A year later, the exchange rate of the Zimbabwe dollar against the U.S. dollar reached thirty-five trillion to one. Zimbabwe was eventually forced to abandon and re-issue its currency. [34]

In 2008, a great famine struck Zimbabwe. Of the country's 16 million people, as many as 3.5 million went hungry. Today, malnutrition is chronic and widespread.

Communism plagues the world in ways that can be observed or foreseen across all countries. Developed Western countries are beginning to experience crises. Meanwhile, the tragedy of socialism is already a reality in the developing world. This is the principle: The specter uses economics to promise momentary comfort and satisfaction, luring people to moral degradation and pulling them into the abyss.