

# Unease reigns in rural China

By Alisa Joyce

CHANGSHA, CHINA

To understand China, go to the countryside. Chairman Mao never said that, but he worked on those principles and led the only revolution that could succeed in China—a peasant revolution. What he did say, to paraphrase, is that the peasants are a blank page upon which the most beautiful words can be written. It is on that blank page that the current leadership in China hopes to rewrite the history of the Tianamen Square democracy movement.

The persecution of intellectuals, students and pro-democracy activists directed by party leaders in Beijing seems a long way away from the rice paddies and villages of southern China. "The heavens are high and the emperor is far away," goes the ancient maxim. The farmers and small shopkeepers of Hunan, Mao's home province, go about their business paying greater attention to seasonal prerogatives than political purges.

Yet, in Changsha, the provincial capital of Hunan, and in the surrounding countryside, there is a quiet awareness of what happened in Beijing, and a sense that things will never be quite the same in China again. The so-called "Gang of Elders" now in control of the party seem to believe that they can write a whole new script on the blank page of China's rural masses. Conversations in the countryside, however, reveal a population both confused by, and alienated from, the government.

**The emperor's new close:** The emperor is not so far away these days, and neither are his critics. Changsha, like dozens of other political capitals across China, witnessed student demonstrations of its own, ones that turned rebel-

their heads very low.

The government's anti-student slogans are as ubiquitous here as they are in Beijing. The simplistic phrases are easily memorized and repeated by the terrified populace. The radio at the airport blares: "We must struggle against the counterrevolutionary rebellion." The local newspapers, carbon copies of those in Beijing, rail against "rumormongering" by the Voice of America (VOA) and praise the People's Liberation Army for their courageous actions in putting down the rebellion.

The propaganda is effective, yet people are still trying to find their own way to understand and accept what happened.

"The government says VOA is telling lies. VOA says the government is telling lies. It's confusing for us," said an old taxi driver. "We weren't there [on Tianamen Square]. We don't know whom to believe."

Another taxi driver was not confused about whom to believe: "What happened in Beijing was explained to us by China Central Television [CCTV]," he said, "Do I believe it? I should believe it, otherwise the country will not be peaceful. Americans see this from one side, but the Chinese must see it from many sides."

Young middle-school students at Changsha's Number One Teachers' Training Institute, Chairman Mao's alma mater, admitted to taking part in the demonstrations early on, but said the students in Beijing had gone too far in their protests. "The government tried to negotiate, but the students wouldn't listen," said one young man. "The People's Liberation Army couldn't have done what VOA said it did. VOA is exaggerating the truth."

Changsha is a dreary, dirty, undeveloped city with little in the way of shiny new construction to show for Deng Xiaoping's decade-old "open door" policy. An inland province just north of the economic powerhouse of Guangdong, Hunan has in many ways experienced more of the bleaker consequences of economic expansion. It remains important, if only historically so, for its role as a revolutionary spawning grounds. Mao was born there, as was Hu Yaobang, ousted Communist Party chief whose death inspired the recent student demonstrations, and Li Shaoqi and Peng Dehuai, both early revolutionaries who were purged at Mao's behest in the '50s and '60s.

Guangdong province, on the coast and right next door to Hong Kong, has boomed in the last 10 years, benefiting from economic policies that give special freedoms and flexibilities to strategically situated coastal provinces. Meanwhile, Hunan, just to the north, has been left to find its own way and has gotten a late start.

**Official corruption:** The principle gripe of the Hunanese is not a lack of democracy or freedom but the tremendous problem of what the Chinese call *guandao*, or official profiteering. Lower, mid-level and high-ranking officials in China have little cash resources with which to exercise their power, but they do have control of scarce commodities. An unreformed—and currently unreformable—dual-price structure in the Chinese economy of artificially low state-set prices and volatile free-market prices, often five to ten times higher than state prices, has established an easy foundation for profiteering and graft.

A Hunan university student explained it this way: "I am an official. I control this product (usually raw materials or goods like fertilizer, cotton or steel). I should sell it by this price, but privately I raise up the price. That's official profiteering."

Private dealing of this type is epidemic all across China, and especially in the south where industry and manufacturing is growing rapidly, demanding even more imports, whatever the price. A kind of economic warlordism has arisen whereby officials control their own economic fiefdoms to the detriment of local people and local industry.

So, for the peasants and ordinary people of Hunan, the students' call for change and reform struck a resonant chord. Like many of the students who carried his picture in marches, local people remember Mao Zedong as a different kind of leader, leading a different kind of China. "Under Mao it was better," said the old taxi driver. "Now the rich are getting richer and the poor are really poor." His sentiments were echoed by another old man, a peasant in a small village about 70 kilometers outside of Changsha. Balancing water buckets on a pole across his shoulders, he cackled away in the Hunanese dialect, "During Mao's time people were equal. Now there are rich and

poor. If you have money now, it's better; if not, it's worse. Reforms have brought price instability, that's all. You have more money, but everything is more expensive. In Mao's time if someone was corrupt, they were out. Now, not only is one man corrupt, his brother is corrupt and his father is even corrupt."

A group of younger peasants, asked about the events in Beijing, at first pretended ignorance. "We have no opinions," they laughed. "Peasants have never had opinions in China." But they talked of students who, fleeing from the Beijing crackdown, came through the countryside spreading the word. One student, they said, from a village only five kilometers down the road, came home in a coffin. "The government has never before killed students," said a young farmer, shaking his head, "This will have an impact."

Angry about the price of fertilizer, about reforms which bring more money but insurmountable inflation, about corrupt local officials, still the peasants were resigned to their lot. "Whoever has the power has the strength in China, that's the way it is."

**Pensive resistance:** Down the road, in a restaurant near Mao's ancestral home, an old woman had talked to Beijing students as they came through and believed what they told her. "The army has guns," she said. "The students only have pens. How can I kill you with a pen? If you have a gun, you can kill. Nobody believes what the government says, nobody. But there is nothing to be done. The power is in their hands." Then leaning forward and clenching her fist, she said, "Tell the world how our students died. This corrupt government must be overthrown."

In a rural university near Changsha, frightened students were interviewed in a dark room, assured beforehand of their complete anonymity in these reports. "I will go abroad," said one activist who had travelled to Beijing to join the Tianamen Square protests. "In America I can live freely... We were very enthusiastic, very excited, very hopeful. We thought we could change China. Now we realize that to change China is not so simple. It is very difficult for us to do revolution in China."

Another student was bitter, blaming the crushing of the movement on Chinese culture, not the government. "The Chinese people believe that if they are not starving, they will not fight. What is democracy? Is it apples, a big plate of food? For 30 yuan [\$8, an inducement offered by factory owners] the workers don't go on strike. Chinese people haven't been enlightened enough to enjoy democracy." He added, "The people did support us but did not completely understand us. They didn't know we were fighting for them."

These students learned what happened in Beijing through phone calls and from the personal testimonies of students who sought refuge on their remote campus as they fled south. One such refugee taped his recollections of Tianamen Square on the night the army attacked, and his tape was played on the university broadcast system. Shortly thereafter, the local police moved in and tore down posters on campus and restored official control over the broadcast system. The students were frightened into silence and then disillusioned into defeatism.

"Now we just obey," said one former activist, "What can we do, fight again?" He was convinced that the student movement was not a failure, however. "In some ways the movement has enlightened the people. [It told them] you are slaves, you are very low, our country is very low, you are not living for yourself. The Chinese people are coming from a feudal society and put their hope in some god or wizard. But now the people know they must fight for their own rights, put faith in themselves. But yesterday they were slaves. They cannot be masters overnight."

Alisa Joyce writes frequently on Asia for *In These Times*.

## INSIDE STORY

lions after the news of the killings in Beijing reached the south. Students blocked the railway station, barricaded roads and marched by the tens of thousands down Changsha's broad main avenue past the city and provincial government buildings. A month after the crackdown at least 27 students and workers were arrested and given prison terms for rioting. As in Beijing, people are keeping

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## We've moved to the left

Geographically speaking, that is. *In These Times*' new office is west of and to the left of our former home. We're now at 2040 N. Milwaukee Ave., Chicago, IL 60647. Our new phone number: (312) 772-0100.



By Jim Naureckas

WASHINGTON

(This is the second part of a three-part series.)

**T**HE EVER-EXPANDING SCANDALS AT THE DEPARTMENT OF Housing and Urban Development (HUD) have exposed the shocking extent to which the Reagan administration manipulated federal housing programs to reward its friends and cronies. For New York's Republican senator, Al D'Amato, this amounted to politics as usual.

D'Amato was one of many prominent Republicans given vast influence at HUD, which he used to win contracts for contributors to his campaign chest. He is also linked to the abuse of HUD projects in his hometown of Hempstead, Long Island, where housing subsidies were treated as political spoils.

The intervention by New York's junior senator into the federal housing system, while consistent with D'Amato's record of clubhouse-style politics, is a case study in how the lax standards of Reagan's HUD allowed insiders to manipulate the system. It also serves as a warning about how difficult it will be for congressional investigations to get to the bottom of the housing scandal: D'Amato sits on one of the key Senate committees looking into the imbroglio.

Under Reagan's HUD secretary, Samuel Pierce, Republican bigwigs had almost unlimited access to top department officials, who would often overrule the regular decisionmaking process to award contracts to their well-connected friends. Some of the worst abuses involved the "moderate rehabilitation" program, which subsidized developers renovating low- and moderate-income housing. The program was "set up and designed to be a political program," Deborah Gore Dean, Pierce's special assistant, told the *Wall Street Journal*. "It's the system of spoils and favoritism." (Dean later took the Fifth Amendment when asked by Congress about the program.)

D'Amato was one who took advantage of this "system of spoils and favoritism." A senator notorious for his deal-making abilities, D'Amato received contributions totaling \$18,000 in February 1987 from a group of Puerto Ricans with an interest in moderate rehabilitation projects. A month later D'Amato met with HUD official Thomas Demery, who oversaw the program, and asked him to subsidize 525 housing units in Puerto Rico as well as 125 units in New York. In April, HUD approved funding for many of these units, largely due to the influence of the man known at the department as "the senator from Puerto Rico."

**HUD slinging:** One of D'Amato's contributors, Puerto Rican businessman Eduardo Lopez Ballori, worked closely with Joseph Monticciolo, the New York regional administrator for HUD, to determine which Puerto Rican projects would be funded, even though Monticciolo had no authority in that region. Monticciolo was, however, a close friend and major fundraiser for D'Amato, who had lobbied the White House to get him his job at HUD. No longer at HUD, Monticciolo is now a partner in a New York hotel development project with Ballori.

The moderate rehabilitation program was not the only project D'Amato lobbied for at HUD. In fact, nearly a third of the \$38 million given to Pierce for discretionary spending went to New York, at least \$8 million of that to projects specifically endorsed by

## HUD was a cookie jar for New York Senator Al D'Amato



Sen. Al D'Amato (R-NY): a HUD of the others when it came to feeding at the public trough.

D'Amato.

The senator amassed the pull he had at HUD—and elsewhere in the Reagan administration—by repeatedly refusing to vote for bills close to Reagan's heart unless he was granted favors from a constantly updated wish list D'Amato kept at hand. While his ability to win pork barrel projects for New York has won him the tacit support of the state's two most powerful Democrats, Gov. Mario Cuomo and New York City Mayor Ed Koch, his lobbying for out-of-state developments at a time when his own state's share of HUD units was declining is one indication that what's good for Al D'Amato is not always good for New York.

**Machine made:** D'Amato brings to Washington the horse-trading skills of someone brought up in the machine politics of suburban Long Island. Incredibly, he made the jump to the U.S. Senate from the less-than-lofty post of township supervisor—albeit in the largest "town" in the country, Nassau County's Hempstead, a sprawling collection of suburban villages with a total population of 800,000.

The Republican machine in Nassau County has been compared in sophistication to that of the late Richard Daley in Chicago. The architect of the organization was Joseph Margiotta, D'Amato's mentor, who was in the process of being indicted at the same time he was helping his protege win a dirty Republican primary against ailing incumbent Jacob Javits and then ride Reagan's 1980 coattails to the Senate. In 1983, Margiotta was sent to prison for his role in an insurance kickback

### How housing subsidies created to help the poor and middle class were used to grease a notorious Long Island political machine.

scheme, a scam that the grand jury declared was dependent on the cooperation of the "presiding supervisor of the town of Hempstead"—i.e., Al D'Amato.

One of Margiotta's contributions to the science of patronage was the "1 percent system," under which all Nassau County employees who wanted to win promotions or get raises had to give 1 percent of their salary to the Republican Party. D'Amato told a grand jury investigating the kickback plan in 1975 that "officially and unofficially no one has ever come to me and complained to me and made known to me that type of policy."

But a letter from D'Amato to a Nassau County Republican official later surfaced, stating that D'Amato had spoken to Margiotta, who had agreed that a raise for a certain sanitation department employee "would be approved if he took care of the 1 percent." D'Amato enclosed a check to cover the contribution.

D'Amato spent his entire career between law school and the Senate working for the Margiotta machine in a milieu that turns every governmental function into an opportunity to reward one's political allies. Some of those allies are unsavory: Philip Basile, a Long Island disco owner who was convicted in 1983 of conspiring with a member of the Lucchese organized crime family in a dodge to win parole for a drug dealer, received a character reference from Sen. D'Amato saying he was an "honest, truthful, hardworking man...of integrity."

As one federal law enforcement agent told *The New Republic*, "I get nauseous when I hear Al D'Amato talking about his so-called anti-drug crusade. How does he think the Lucchese family earns their money?"

Other allies are closer to home. D'Amato won his father Armand a job with the county as a "research director," a job that eventually paid \$34,000 a year, while the elder D'Amato continued to run his insurance agency which took in \$60,000 in commissions from a firm that did business with Al's township.

The prevailing Nassau County attitude that no graft is too big or too small can be

seen in the abuse of a HUD mortgage subsidy program in D'Amato's home village of Island Park in Hempstead Township. Because of his interest, the village received far more than its share of HUD-subsidized housing, especially for a well-off suburb where house prices start at \$150,000. The senator's neighbors won other goodies as well, most notably funding for a \$1 million pool for those residents who preferred not to swim at one of the community's three ocean beaches. (After the pool became a scandal Island Park agreed to return the money.) The village residents, in gratitude to their most famous citizen, renamed a street D'Amato Drive for him.

The program was intended to provide housing for lower-income couples and to help integrate the 97 percent white Island Park by soliciting black participants. Instead, village officials privately informed local insiders when the programs were to be announced. On the morning newspaper ads for the subsidized units appeared, enough applications from those with the right connections were already under the village clerk's office door to fill all the spaces.

**Political reality:** Those in the know—all of them white—included a cousin of D'Amato and a son of Geraldine McGann, a village board member and HUD administrator who owes her federal post to D'Amato's lobbying. Some participants were able to parlay their special status into major profits. One bought a subsidized home for \$59,500 and sold it six years later for \$270,000; another house that more than doubled in price was located, appropriately, at 11 D'Amato Drive.

A 1984 HUD audit raised questions about the Island Park program, and particularly about the role of McGann, who as a village board member apparently voted on the sale of village land for her son's house. But McGann was never reprimanded. Her superior, as it happens, was Joseph Monticciolo, the D'Amato crony involved with the Puerto Rican developments.

Other Long Island HUD projects under Monticciolo's jurisdiction also became scandal-ridden. Almost all of the contracts for a HUD-funded storefront rehabilitation program in the village of Hempstead, a subunit of the township, were improperly awarded to two contractors. (The two did not have an intensely competitive relationship: the president of one was the vice president of the other.) And 13 people were indicted on July 12 on charges they defrauded a HUD program in Brookhaven, Long Island, by obtaining housing intended for low-income residents through false applications and then renting them illegally.

A direct link between D'Amato and most of the Long Island abuses has not been suggested. But they were overseen by longtime D'Amato supporters, handpicked by the Senator—people he knew would protect his political base.

"I'm just doing what a senator is supposed to do," D'Amato told a Washington news conference in June. "And now I'm being penalized for it." By some standards, helping contributors and rewarding supporters is what a senator is supposed to do. And nobody does it better than Al D'Amato. □

Jim Naureckas is the managing editor of the *Council on Hemispheric Affairs' Washington Report on the Hemisphere*.

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